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A SHORT INTRODUCTION TO ECONOMIC HISTORY

Produced by

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Dedication

This Book is dedicated to, at first, God Almighty the Giver of all things and also to all the students in the department of History and International Studies of Adekunle Ajasin University, Akungba-Akoko, Ondo State, Nigeria.

Acknowledgement

Our gratitude to God at first is, in all facets and in fact, immeasurable and incalculable. He is the initiator, the giver and the accomplisher of this astute work. Perpetually may your name be lionized.

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We also want to appreciate Mr. Sunday Ogunode. He has indoctrinated in us the knowledge of Economic History which now gave birth to this virtuous research in this work. We are highly grateful and appreciate your fatherly role.

It is a great privilege to come out with such a great text to answers a good number of students' questions on the subject of economic history, to this end, we sincerely want to thank in advance the readers who will acquire enormous acumen in the course of perusing this book, it is our earnest desire that it will profit your academic endeavor.

About the Contributor

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Introduction

The work has halted us in research field for more than five months and all our efforts were focused on producing work that can stand the test of time and be a source of knowledgeable information to generation to come. Another issue that interest this work was the fact that the course has always remain boring and uninteresting to students due to unobtainability of relevance materials to educate themselves in the process of study. Each chapter of the book handles issues that are directly introductive to the study of economic history. It covered and in fact, goes beyond the curricular. It is advisable that students who are fortunate to have access to this book should appreciate it by proper perusal.

However, the study of West Africa Economic History needs to be clearly justified. Efforts to justify its study has for decades been found in otiose. One of the reasons for this course was the unobtainability of reference texts to reproduce such dreamed work. The recent development of the study has attracted several scholars and students attention, but the ado is the unattainable of sagacious materials for such keen study.

However, the basic outline of world economic history is surprisingly simple. This book has gone a longer way to uncover and disvirgin the vivacious nature of the study of Economic History, of course, the perpetual economy regressions has occasioned the study of economic past for juxtaposition which in turn, building a lasting husband-wife relationship between history and economics.

Economic history is a sub-discipline that has a tendency to be viewed with some suspicion by both undergraduates and sections of the academic community. Although, history undergraduates have a core interest in studying history, evidence suggests that there is less enthusiasm when it comes to studying economic history. Such evidences are researched through the preferably election of the subject.

> *'Economic history is most likely to be disliked, characterized as 'too statistical' or 'too dry', and generally too remote from the people orientation which encourages engagement with the subject [i.e. history].*

Alan Booth

Contrary to the interest discovered above, history undergraduates are unlikely to engage with economic history because it is seen as a complicated subject that strips humanity from the historical narrative. Economic history asks important questions; but of course, such questions repeatedly fail to resonate with the attitudes and expectations of a large number of history undergraduates. In order to try and neutralize undergraduate perceptions of intellectual sterility, there is a strong need for economic historians to *actively promote* their discipline as a point of intellectual success. This, of great importance

has propelled the ironclad research works embedded in this book. It is presumable that such undergraduate will sincerely find the discipline more attractive again by the end of the book perusal.

Well, the tediousness of its study should not be seen as a barrier to being enamored with it. The historical economic phenomena to be examined have no existence independent of the social, political, cultural, religious and physical environment in which they occurred. Therefore, it has both to make up its own theories for testing and also to ask other sorts of questions and use other sorts of methods. It may draw upon different social sciences, for example social anthropology, statistics, sociology, and so on, but pertinent answers are commonly to be found by using the traditional methods of historical scholarship. Interestingly, economic history deals with individuals and groups in society. It concerns itself with particular businessmen or companies, with those who influenced or carried out economic policy, with pressure groups or administrative entities.

It was dichotomized from two independent terms viz: 'Economics' and 'History'. William Stanley, in his book "The Theory of Political Economy" in 1871, defined economics as a social science that examines how people choose to use limited or scarce resources in attempting to satisfy their unlimited wants. And of course, recalling a simple definition of history according to E.H Carr is defined as an unending dialog between the past and the present. What is effortlessly deductible here is that, Economic history play an unending dialog role between the economic activities of the past and the present.

It has pleased many economic historians to study the phenomena from diverse relations; we have adopted the knowledge derived from its study to understand other disciplines that are not closely related to economic history. It means that, the knowledge embedded in its study can be used to study other related or unrelated disciplines. Economic history is likely to face difficult challenges in the course of its study. One of such is of course, solved by the archeologist; this has to do with the source of deriving quality and quantity information that is reliable. This information source has since the inception of its study posed logical defies to economic historians. Of importance, one of the difficult tasks faced by economic historians is the testability of such information for falsification and verification. Although, the archaeological evidence has made it tranquil for an economic historian to test the quality of his information, it is not all of these scholars that could sacrifice all it takes for such rigorous research. Recalling G. T Elton view of:

"Economists come and go usually in ignorant of History, so do their theories"

The fastest way to correct this notion is by producing History students with full awareness of their economic past and all other students should not be exempted in the dissemination of the sagacious knowledge of economic history. Readers are therefore enjoined to have quality time for proper etude.

Falade Femi A. (February, 2015), A.A.U.A

Chapter One

Conceptualisation of Economic History

The meliorated way to begin this discourse will be from the subject itself that is, economic history. This will expose the reader to the topics which will be discussed later in this book. Economic History like every other field of study did not enjoy a central definition. Though, it has been recorded that the first definition of the subject was given by A.G Hopkins. Many eminent scholars of the discipline have provided us with definitions that suit its nature. These of course, are defined from individual scholastic perspectives. Africa's economic history is as long as the history of man same, as West Africa Economic History, whose distant origins are now thought to, lie in this continent. But the study of the subject is a very recent event, the product of the last twenty-five years, and is far from complete. The freshness of the subject, the fortunate failure of any one school of thought to impose its dominance, and the diversity of evidence have combined to produce a generous definition of economic history, one which embraces Anthropology and Political History as well as Economics. (Hopkins) However, the following renowned scholars' definition shall be joyfully assessed.

It will be fun to start with an ambiguous definition given by Robert Solow. By addressing his definition as 'ambiguous' is not to devastatehis intellectual ability, but to unfold the simplicity of the subject itself. According to Robert Solow (1945) *Economic History is an unapologetically empirical field, exclusively dedicated to understanding the real world.* This definition needs to be criticized for such an ambiguous term that made the definition to look abstract. He has given the definition in absence of the fact that students need simple terms to develop the understanding of the concept. However the definition is passing certain information. Of course, that the field is inexcusable or a must-study for every student, and is devoted to uncovering the mystery of the real world or better put, economic world.

Famed Roderick Floud sees *Economic History as the study of the contemporary (economic) society, a bridge in both directions, between the present and the past. He further stress that, economic history is a social science applying the method of economics, statistics, sociology, and demography to the study of the past.* From Roderick's definition, certain facts can be deduced. First, he sees the study as a general attempt to study the whole society to understand the economic activities. Second, both the past and the present are his advice of area of focus while studying the society. The reason is that the past economic records have oodles impact on the present. Hence his definition might receive a half way acceptation.

A.T Ajayi in his own perspective opines that *Economic history is the study of man's effort through the century to satisfy his material wants. That is, the study of material progress.* This definition of course, failed to explain the study in general view, rather it define it from human perspective. He emphasized the struggle of man through historical time to gained economic wealth. The definition shows zero-interest in the society struggle for national wealth. This definition of course, could help to some extent.

B.V Kudaisi also defines *Economic History as the study of the Economy as a whole from the inception to the present and towards the future.* This definition centers its aim at the economy as a whole that is, every nooks and crannies of the economy, including economic agents, system, activities, policies and the likes. This can be assumed to have been more general.

Sagacious Scholar: S.A Ogunode sees *Economic History as the study of the economic past of man. He further argued that it is not an aspect of history that attempt at over-glorification of economic heroes.* This definition need to be minded for certain reasons. The study focused on the economic past of Man, and not the totality of the society, but of course, the economy aspect unfold that the field is not interested in any other aspect of man's life.

D.C Coleman defines *Economic History as the study of the economic aspect of the society in the past. That is the study of the economic past of the use of resources: land, labour and capital.* According to this definition, the study is intended at the study of the economic aspect of the society and not any other aspect rather than the economic aspect. This definition however fails to unfold the method of study or benefit derived from its study.

N.F.R Crafts posits that *Economic History can be thought of as a search for the understanding of economy activities in the past.* This definition also goes the same direction with the former scholars. It is a search to understand, this means the need to understand the economic society was the reason behind the study.

Another famous scholar, Joseph A. Schumpeter (2006) defines *Economic History as the study of men's effort to understand economy phenomena, to produce, improve and pull down analytical structure*. Schumpeter's definition must have been more illuminating, it define the reason for the study, and the fact that the knowledge of Economic phenomena will be enough to justify the study. This definition is commonly used among students in this field as many of them find it more elucidating and simple. Of course, the effort of Schumpeter should be appreciated.

From the definitions given so far, what can be deduced is that "*Economic history is an attempt to discover or to know and to provide answers to economic question facing the society through the historical survey of the economic past and by means of empirical methods*". What is obtainable here is that whether via the society or man, whether through the past survey or not, economic history is intended at resolving economic issues facing the people and the society. This of course is one purpose of its study.

> *"The different definition given by each scholar is to help the student understand the phenomena of economic history and to design a frame work for the study from a general point of view of the study"*

The purpose of this chapter must be achieved. The effort to achieve this has made the study to explore different means of reporting different perspective of the subject's definition. It is not advisable however for students not to have a separate knowledge of this subject that is, the reader must also ratiocinate and look for how the subject can be personally defined.

Chapter Two

Evolution Of Economic History

The germaneness of the historical survey of economic history aboriginal origin is inescapable. The study has been earlier neglected as most of the scholars under this canopy focued their attention on the economic practice and not really interested about the source of the subject itself. This could be one reason for limitedness in the available records on its issue. This book will not be totally mellaginous without this crucial issue. The study is indispensable because as history student, you may be a shadow studier if not well grounded historically about the subject under examination. The origin will initiate and disvirgin the reader to the nakedness of economic history from the inception of its study. This of course, will aid the understanding of the subject. This chapter should not be skipped claiming that it is boring, instead should be etude thoroughly.

It is not properly unveracious, as noted by most scholars in the field that, Economic history emerged in the late nineteenth century as an academic field which is devoted to the study of past economic phenomena and processes. Although, it has undergone significant changes in terms of its thematic and theoretical concerns, analytical methodologies and language, and the spatial and temporal scales in which it is framed. Distinctive national and regional approaches and traditions can be identified as fundamentals that reflect the different and changing social systems including ideologies across the world as well as the diverse forms of training and disciplinary affiliations of the economic historians themselves.

If appropriately positioned, economic history as an academic discipline first emerged in Western Europe and North America, specifically, in Britain, Germany, and the United States. Although publications that, more or less, incorporated economic history dated back to the eighteenth century, the phrase "economic history" apparently first appeared in a book title in the work of a German scholar, Von Inama-Sternegg, published in 1877 and 1879, Über die quellen der deutschen wirtschaftsgeschichte and Deutsche Wirtschaftsgeschichte, covering the Middle Ages.

It is quiet brilliant to know that the first academic appointment in economic history was made at Harvard University in 1892 and went to a British scholar, William Ashley. The work of the early economic historians focused on either general economic development or specific sectors and processes, especially agriculture, commerce, and industrialization. But the emerging field exhibited difference in regional and national tendencies. Although neoclassical models dominated, Marxist perspectives and had appeal a lot to European economic historians, especially in Germany, than to those in America. German historical economists mainly saw economic development in terms of stages and they emphasized the inductive rather than the deductive method. In Britain, the political economists who turned to economic history stressed issues of distribution, especially prices and wages. For their part, American economic historians showed a strong preference for quantitative approaches. Their studies increasingly focused on business history and business cycles, thanks in part to the relative abundance of statistics from census data and governmental and private agencies. In fact, the subsequent growth of

economic history in these countries and elsewhere in the world was tied to the increasing capacity and needs of governments to produce and consume statistical data.

It is good to know that the expansion of, and rising disciplinary specialization in the universities, the improvement of library collections and archives, the establishment of economic history societies and journals, and the production of large-scale surveys and other bibliographic resources was precarious in the study epoch, Professor Zeleza also laments this fact. Of course, many of the pioneer economic historians were men, but the field also included some remarkable women, one of such were Eileen Power in Britain, who was at the center of the Economic History Society and the London School of Economics until her death in 1940, and Katherine Coman in the United States, who published an influential economic history text, Industrial History of the United States, in 1905. Unfortunately, the important contributions of these women were ignored as the discipline became more male dominated, particularly after World War II, as the concerns and constituencies of the discipline narrowed, although corrective studies have appeared in more recent years.

Economic History in Asia, Latin America, and Africa

It is just a commemoration in the 1940s that economic history had become an established discipline not only in Western Europe and North America, but also in other parts of the world including Africa and of course West Africa. In Japan for a case in point, Tokuzo Fukuda, who studied in Germany and tried to apply the German theory of economic stages to Japan, published the first treatise on Japanese economic history in 1900. In the next few decades, besides economic stage theory, Japanese economic history was dominated by historical materialism. Analytical focus shifted from commercial activities to rural and local economic history, whereas externally much attention was paid to the economic history of England, seen as the classical homeland of capitalism.

Beside, in China, which became officially communist from 1949, the Marxist approaches became even more pervasive, although Marx's notion of the "Asiatic mode of production" was disavowed. Interestingly, Chinese economic historians were preoccupied with two issues: first, the question of transition from "feudalism" to "capitalism," and second, the contradictory but ultimately destructive impact of Western imperialism on China's economy. For formerly colonized regions and countries the question of imperialism and the challenges of internalizing their economic history loomed large, affecting everything from periodization to the themes and theories selected for analysis. In India, for example, economic historiography, which began to flourish following independence in 1947, had to grapple with the validity of the division between "ancient India" and "modern India," designating the periods before and after European conquest, a periodization based largely on political events rather than on economic processes. In the early post-independence years, Indian economic historians, notwithstanding differences in the topics or periods of focus, displayed two main tendencies: first, a nationalist orientation in which the stable and productive character of early Indian economic and social institutions were emphasized and by implication at least the destructive impact of

British rule was indicted, and second, a spatial concentration on the economic history of North India at the expense of other regions.

In Supportiveness to its tediosity, periodization proved problematic for Latin American economic history, given the region's complex histories of European and African settlement and relations with the indigenous peoples. The region's economic historians, whether those influenced by neoclassical models of international trade, Marxist categories and stages of development, or dependency perspectives on underdevelopment and unequal exchange, largely took an external view of the region's economies as indicated by the preponderance of studies on the export sector. The emphasis on export rather than on the domestic economy began to shift in the mid-1950s, but there was continued concentration on the "modern" sector to the neglect of the "traditional" one.

The development of African economic history on its own was a post- independence phenomenon, in which scholars grappled with various sets of generalizations made about African economic history. Geographically, the "Africa" discussed was largely confined to "sub-Saharan" Africa; thematically, there was excessive focus on trade and exchange systems, especially external trade, rather than on domestic production. Historically, the pre-colonial period was depicted as a static "traditional" backdrop to changes introduced by colonialism. Theoretically, there was the ubiquitous use of dichotomous models, in which change was often depicted as the abrupt substitution of one ideal type by its opposite "traditional–modern" societies, "subsistence–market" economies or "formal–informal" sectors. It is not quietly astonishing seeing various approaches vied for analytical preeminence, these include neoclassical development theory, and dependency and Marxist paradigms for example.

The Rise Of Cliometrics Or The New Economic History

This point will seizure the turn of the 1960s a "new economic history,". This is sometimes referred to as Cliometrics or econometric history, emerged in the United States. The new approach involved the systematic application of economic theory and quantitative methods to economic history. It was facilitated by the existence of a large stock of quantitative data produced by various agencies, advances in computer technology that fostered the collection of large historical samples, and a new generation of economic historians keen to apply statistical and mathematical models and counterfactual arguments for more precise measurements of economic developments and relationships. The need for economic and statistical skills meant that cliometricians were increasingly recruited from economics rather than from history departments, and they tended to concentrate on topics with measurable variables and more recent historical periods on which adequate quantitative data was available. One effect was that fewer economic historians were located in history departments, whereas in economics departments their distinctiveness is apparently decreased.

It is not an act of worshipping prominent new economic historians by making them next in our discourse. Few of such are Robert Fogel and Douglas North, who won the

Nobel Prize for Economics in 1993. Initially, they both focused on the effects of changes in the price of transportation Fogel on the railroads and North on shipping and on the economic impact of slavery on the American South. In both cases and on many other topics their results challenged and sometimes overturned conventional historiographical wisdom. For example, it was demonstrated that the economic impact of the railroads was minimal and the alleged stagnation of the antebellum South was a myth. Fogel later turned his attention to the complex connections between nutrition, health, and productivity, and North concentrated on studying the role of institutions and organizations in economic growth.

However, Cliometric history had its critics in the American academy. Some charged that, because of its hypothetical models, which could not be verified, and "antiempiricistic" and "antipositivistic" methods, it was not history but "quasi-history" (Redlich). But unlike the situation in Europe, where Fogel lamented the new economic history was not initially practiced, it became increasingly dominant among American economic historians.

Nonetheless, the frontier of cliometrics did expand beyond the United States. Writing in 1978, Donald McCloskey exclaimed: "Cliometrics has at least begun in the histories of Canada, Mexico, Brazil, Australia, Japan, China, India, Russia, West Africa, Israel, Italy, France, Central Europe, the Low Countries, Scandinavia, Ireland, and England". In an extensive survey, Nicholas Crafts provided interested examples in cliometric history ranging from unemployment in interwar Britain to comparisons between Britain and the United States centered on the Habakkuk debate on technological progress, the Kuznets curve on patterns of income distribution, and demographic transitions. Nevertheless, cliometrics moored firmly in neoclassical principles remained predominantly an American school and preoccupation. The distinguished British economic historian A. K. Cairncross implored the cliometricians to bear in mind constantly "the contrast between the sharp outlines of their concepts and the fuzziness of real life categories and between the certainties of their conceptual relationships and the uncertainties of the data". He concluded with this view: "there is scope for econometric methods of analysis, complete with models and counterfactuals, in some but not by any means all situations that economic historians encounter".

From the 1990s however, the call for a reunion between the old qualitative and the new quantitative economic history, between narrative and statistics, words and numbers, became louder. One prominent pioneer called for a "post–New Economic History" and urged his fellow economic historians to reintegrate themselves with other historians by changing their methods:

> "*Historians are the synthesizers of social science. Our goal should be to help them to incorporate our insights into their developing syntheses. To do this we must make our models adaptable, more portable, and more human*"
>
> (Sutch)

In an extensive review and prognosis of European economic and social history, Charles Tilly and colleagues proclaimed, as we peer into the futures of economic and social history, our most general message is quite simple: it is time to de-economize economic history and re-economize social history. The de-economization of economic history should include the analysis of rights, power, coercion, state action, and related "institutional" factors; it does not entail the abandonment of economic analysis, but its broadening from a single-minded application of free-market models. The re-economization of social history should include new treatments of the interdependence among different forms of production and reproduction, both material, biological, and social. It should challenge the surprising recent tendency either to treat the three as separate spheres or to reduce all of them to artifacts of discourse. In this limited but crucial sense, we call for the revival of materialist social and economic history.

Late-Twentieth-Century Developments in Economic History

Knowledgeably humorous, Economic theory and economic history have increasingly had to deal with new intellectual currents in economics, principally feminist economics, environmental economics, and the new institutional economics. Feminist economists on the one hand have sought to liberate neoclassical economics from its positivist Cartesian trap, to broaden its analytical and thematic scope from a preoccupation with the rational choices of individual economic man, and to study how humans, both men and women, in interaction with each other and the environment, provide for their own needs and survival. They have tried to infuse gender in both macroeconomics and microeconomics, to strip neoclassical economics of its universalism and timelessness, as well as its normative and prescriptive certainties, to challenge stylized facts and dichotomies, and to make women and gender relations in all economic activities visible, by grounding economic analysis in concrete societies and histories that are invariably marked by inequalities, discrimination, exploitation, and struggle inscribed by the social and spatial constructions and hierarchies of gender, class, and place.

Environmental economics on the second hand evolved out of diverse intellectual and ideological roots in the 1970s and 1980s in the context of growing concerns for sustainable development. Environmental economists seek to analyze the impact of economic activity on the environment and the influence of the environment on economic activity and human welfare by reformulating familiar neoclassical concepts, and occasionally inventing new, "greener" ones. And so they talk of the need to internalize externalities, that is, to account for the environmental effects of economic activity, to incorporate environmental factors in social cost–benefit analysis. They see environmental "resources" and "services" as "commodities" with consumptive, non-consumptive, existence and bequest values, and discuss the preservation of natural environments in terms of their value as collective or public goods, and their expected utility or option value for future generations. A series of sophisticated methods and techniques has been devised to give monetary values to the environmental "commodities" and to measure the costs of environmental damage and degradation, and the impacts of market and policy failures and of investment projects and programs.

A key premise of the new institutional economics on its own is that economic change and development are products of both the institutional environment and the institutional arrangement. Studies inspired by the institutional perspective range from those that focus on the broad range of factors that have shaped the institutional environment, including the state, culture, and ideology, to those that concentrate on specific institutional arrangements, such as how changing regimes of property rights and transaction costs affect each other and economic performance. There is a lively debate on what constitutes an institution. Institutions are said to exist as a means to reduce transaction and information costs so that markets can operate efficiently, and markets themselves are regarded as institutions that interact with other social, political, and cultural institutions in the process of economic growth and change.

Of course, these new approaches offered opportunities for economic history to gain new analytical models and insights. They were welcomed by economic historians who believe that historical economic phenomena and processes are inseparable from cultural, political, social institutions, and the physical environments in which they occur, and the hierarchies and struggles inscribed by gender, class, and other social markers. Thus, economic history became increasingly more interdisciplinary. Interdisciplinarity had long characterized economic history in the global South thanks to the paucity of statistical data and the pressing demands of development. According to Anthony Hopkins, a renowned economic historian of West Africa, African economic historians have always had a generous definition of economic history, one which embraces anthropology and political history as well as economics, which can be attributed to the newness of the subject, the fortunate failure of any one school of thought to impose its dominance, and the diversity of evidence. Noticeably, Economic historians of other regions appear to be moving in this direction.

Additionally, virtuous readings on European economic history suggest growing interest in reconnecting economic, social, and political history. Barker noted that before econometric history spread from the United States in the 1960s and specialization led to fragmentation of the discipline, one writer recalls, "few people then doubted that economic history included social history." Now the discipline seems to be returning to some of its roots and using new sources, including oral sources, which "can fill many gaps and much enrich our understanding of ordinary folk's social conditions and personal priorities".

The winds of change seem to be blowing even to the United States, as several commentators have noted. In a major intervention on the development of the American economy during the late nineteenth century, when corporate capitalism rose to prominence, James Livingston makes a compelling argument for bringing social analysis into American economic history: At a higher level of argument, it follows that economic events are explicable only by reference to the social relations within which they appear by reference, that is, to historically specific contexts of production and exchange. We can see that the social and cultural context of economic change is not what the new economic historians have assumed it to be: an "exogenous factor" that can safely be ignored in building quantitative models of economic behavior and growth. Of course, similar trends

are apparent in Asian economic historiography. In China, for example, social and economic historians have been developing new paradigms, divorced from Western neoclassical models and communist models, both of which were based on simplistic dualisms and shared a vision of the benefits of commercialization.

A survey of the Eleventh International Economic History Congress held in 1994 confirms these developments toward the broadening of economic history. It shows that only one session was devoted to cliometrics and that the new economic history papers altogether accounted for about 20 percent of the whole congress programs and were mainly given by North American scholars. Most of the papers took into account the role played by noneconomic factors and reflected "the influence of other kinds of histories, in particular social history, and other social sciences such as Sociology, Management and Organization Studies, and Political Science".

Today, economic history has gained its popularity and won department in some institution while it was study as a course in other universities, especially in West Africa. It has also enjoy eminent scholars such as Paul Tiyambe Zeleza, K.O Dike, A.O Alagao, Toyin Falola and others in that caliber, as its attention has drawn friends to it, but till the present, its tediosity is related to that of its mathematically and statistically investigations. Which to some, it is nothing but a delight and pleasurable aspect of the study. Be it as it may, the trend and speed at which the discipline moves, there are evidences to prove that it will win countless students area of specialization.

Chapter Three

Conceptual Clarification in Economic History

The same way there are fundamental issues that cannot be avoided in the discourse of economic history; there are also certain terms that the readers of this lacuna are likely to encounter in the course of this study. These terms accurate knowledge will aid the understanding of the discourse. The terms are varied and will be use perpetually in the course of this discourse. Hence, readers need to familiarize themselves with them.

Economic Historian

It is important to know who an economic historian is; this will help anyone who is willing to join the ever-growing population of economic historians in the world. This part will familiarize the reader to certain issue that concerns an economic historian. Another thing that the chapter will help the reader to know is those responsibilities that an economic historian is saddled with. Some eminent economic historians will also be suggested to us, their biographies are not what interest us, it is not of course, their personalities but rather their works that have affected many generations in the academic field. By avoiding their over glorification is not to say that their roles are not discernible or their personality are not worthy of studying, one thing the clause above is trying to avoid is that, not all economic historians are known, in other to avoid any crucial exemption, most of the west Africa economic historian will be consciously considered. In definition, An *Economic Historian is one who writes as little history as possible for as much money as possible. It is not to say that an economic historian is a money-lover in his study, rather to say that he is more interested about how an economy has chosen to satisfy their national desire for wealth.* What makes an economic historian is the accurate knowledge of both history and economics. Many economic historians jungle extra-miles to excavate economic data of the past. Economic historians (of Africa), like their counterparts (in Europe), are concerned with the analysis of choices and constraints in the allocation of scarce resources, and they bring some of the tools of western economic theory to bear on this issue: neoclassical economics has assisted the analysis of problems of supply and demand; Marxist thought has influenced assessments of exploitation. (A.G Hopkins). This economic historians ranges from G.O Ogunremi, Ayodeji Olukoya (prof), A.G Hopkins, K.O Dike, G.H Hellenes, Allan McPhee to Robert Fogel, Douglas North, Toyin, J.F Ade Ajayi, Walter Rodney, Adiele E. Afigbo, Paul Tiyambe Zeleza, E. J Alagoa. Note however that some of them did not actually specialized in the field but have contributed immensely to its study. To therefore adopt an elaborate discussion will amount to overload of this book.

Economic Agents

An economic agent needs to be understood. The understanding will give us access to understand certain terms in this book. Economic Agents are those economic hands that are employed to control economic activities in the society. The definition of economic agent is absolutely fundamental in determining the nature of the economic processes: *economic agent refers to a person or legal entity that plays an active role in an economic process*. An economic agent can therefore be an individual consumer who purchases goods and

services, an enterprise that organises factors of production to generate income, a worker who provides his or her labour in a production process, etc. These individual agents (to which economic theory habitually attributes preferences, objectives, behaviour, etc.) are then normally grouped into *institutional sectors* that represent groupings of institutional units (corporations, households, general government, etc.), each on the one hand entitled to own goods or assets in its own right; it is therefore able to exchange the ownership of goods or assets in transactions with other institutional units. On the other hand, he is able to take economic decisions and engage in economic activities for which it is held to be directly responsible and accountable by law. It is also able to incur liabilities on its own behalf, to take on other obligations or future commitments and to enter into contracts; has either a complete set of accounts (including a balance sheet of assets and liabilities) or it would be possible and meaningful, from both an economic and legal viewpoint, to compile a complete set of accounts for the unit, if required.

Economic Resources and Economic Question

It is of course a thing that is scare and useful for economic agent. In the business application it can be plan, monitor and control. Examples of economic resources are money, raw material, product and services, labour, tools and services the enterprise uses. On the other hand, the major economic questions are What to produce?, How to produce it?, How much to produce?, and Who gets what is produced? This will be employ later in chapter eleven when discussing economic systems in historical perspective.

Economic Problem

In a broad sense, an economic problem can be defined as an abnormal and irrational or irrelevant behaviour by socio-economic units and market components. There are innumerable causes for this. Though there is no scale that measures the level of abnormal behaviour, a financial problem is said to have arisen when the abnormal behavior by economic components tend to affect several institutions. Of course, market components signify 3 major constituents of the market, namely: demand, supply, and price.

> *"A problem is an abnormality in economic institutions or constituents that in the view of society at large has a negative influence on earning and spending."*

It is true that human wants are unlimited. However, the volume of available resources that is used to fulfill them is very limited. Even the alternatives that are present are limited. This combination of limited resources and unlimited demands results into problems. This approach is often termed as the scarcity approach. Thus, when you try to find the solution, you will have to focus on unlimited wants and limited resources.

Here is a summary of economic problems. Viz: Anti-competitive behavior, laws, and practices, Mass bankruptcy filings and insolvency, Economic bubbles and mass business failure, Child labor and improper child welfare development, Commercial crimes

and intentional or planned corporate offenses, Corporate crime and planned economic turmoil, Corporate scandals, Corruption, Uncontrolled debt, Financial disasters, Government or bureaucracy induced crisis, Mass economic inequality, Energy crisis, Ethically disputed business practices, Financial crises (restricted to the financial sector), Uneven income distribution, Inflation, Market failure (component failure), Monetary hegemony, Monopoly, Offshoring and outsourcing, Poverty, Recessions, Social inequality, Stock market crashes ,Unemployment, Asset price inflation, Currency crisis, Kleptocracy, Overcapitalization, Overpopulation and State monopoly capitalism. (Scholastics, 2010). However, the problems are more than this, but for the sake of this study the aforementioned are expedient.

Chapter Four

Methodology of Economic History

There is enormous requirement and thirst to know the methodology of the study of Economic History. This is because students really want to know how succulent the study is. Most students have argued the snags of the discipline to its adopted *modus operandi.* Of course, History itself has gone beyond the isolated-boring theoretical approach. It has gone more scientific and mathematical (or statistics).

Economic theories are generalizations about our perception of reality. Since developing countries have various differences, no theory can fully capture the difficulties and changes in the development process. The meaning is that, there is a need for a methodology that gives a series of standards that establish the theoretical basis of a research project. When we discuss the idea of method, it is a perception of the way logical and theoretical aspects of human brain can analyze reality in order to move in the road towards gaining wisdom.
The methods that are employed in the study of economic history are majorly mathematical, this is because the subject itself is scientific in nature.

Schumpeter (2006) averted that, what distinguishes the 'scientific' economist from all the other people who think, talk, and write about economic topics is a command of techniques that we class under three heads: history, statistics, and 'theory. He however added to these three a fourth fundamental field, which he deliberately named 'Economic Sociology'. As for history, he stresses that the subject matter of economics is essentially a unique process in historic time. Nobody can hope to understand the economic phenomena of any, including the present epoch who had no adequate command of historical facts and an adequate amount of historical sense or of what may be described as historical experience. He secondly observe that, the historical report cannot be purely economic but must inevitably reflect also 'institutional' facts that are not purely economic: therefore it affords the best method for understanding how economic and non-economic facts are related to one another and how the various social sciences should be related to one another. Thirdly, he believed that the fact that most of the fundamental errors currently committed in economic analysis are due to lack of historical experience more often than to any other shortcoming of the economist's equipment. History must of course be understood to include fields that have acquired different names as a consequence of specialization, such as prehistoric reports and ethnology (anthropology).

The method of statistics is use to represent an economic variable in a visualized and understanding form. It stands to reason that for economics, statistics, that is, the statistical figure or series of figures must be of vital importance. We need statistics not only for explaining things but also in order to know precisely what there is to explain. It is impossible to understand statistical figures without understanding how they have been compiled. It is equally impossible to extract information from them or to understand the information that specialists extract for the rest of us without understanding the methods

by which this is done and the epistemological backgrounds of these methods. Thus, an adequate command of modern statistical methods is a necessary (but not a sufficient) condition for preventing the economic historians from producing nonsense, though very much more so in some fields than in others.

In discussing the method, the reader must note that Economic theory does something entirely different. It cannot indeed, any more than can theoretical physics, do without simplifying schemata or models that are intended to portray certain aspects of reality and take some things for granted in order to establish others according to certain rules of procedure. So far as our present argument is concerned, the things (propositions) that we take for granted may be called indiscriminately either hypotheses or axioms or postulates or assumptions or even principles, and the things (propositions) that we think we have established by admissible procedure are called theorems. In writing economic history, there are indeed statements that should not be added at all unless properly substantiated by pieces of reasoning that belong to economic theory: such a statement is, for instance, the one that links England's great economic development from the 1840's to the end of the nineteenth century to the repeal of the Corn Laws and of practically every other kind of protection. The schemata of economic theory derive the institutional frameworks within which they are supposed to function from economic history, which alone can tell us what sort of society it was, or is, to which the theoretical schemata are to apply. In short, theories are use to uncover certain opaque in the study of Economic history.

The Forth postulated aspect of this method by J.A Schumpeter (2006) is Economic sociology. According to him,

> *This field we shall call Economic Sociology (Wirtschaftssoziologie). To use a felicitous phrase: economic analysis deals with the questions how people behave at any time and what the economic effects are they produce by so behaving; economic sociology deals with the question how they came to behave as they do. If we define human behavior widely enough so that it includes not only actions and motives and propensities but also the social institutions that are relevant to economic behavior such as government, property inheritance, contract, and so on, that phrase really tells us all we need. Of course, it should be observed that this distinction is one we make for our own purposes. It is not implied that this distinction has been made by the authors themselves whom we are going to encounter. The proof of any pudding is in the eating and hence I refrain from saying anything in its defense just now.*

This fact is from a sagacious perspective, veracious and it is approvable.

Chapter Five
Nature and Objectives of Economic History

Frequent argument for or against economic history has of course, called for a review of its nature. Although there have been uncorrelated positions of economic historians on the term. Some, from their scholastic perspectives have addressed it as a pure science while others see it as a social science, it is important however to note that non of these scholars have sees the discipline as an arts academic field. The meaning of this is that, our point of discussion will circle around science and social science. Of course, a science is any kind of knowledge that has been the object of conscious efforts to improve it. Or any field of knowledge that has developed specialized techniques of fact-finding and of interpretation or inference (analysis).
Recalling Schumpeter's review of it scientific nature, he noted that:

> *The answer to the question that heads (this section) depends of course on what we mean by 'science.' Thus, in everyday parlance as well as in the lingo of academic life particularly in French and English-speaking countries the term is often used to denote mathematical physics. Evidently, this excludes all social sciences and also economics. Nor is economics as a whole a science if we make the use of methods similar to those of mathematical physics the defining characteristic (definiens) of science. In this case only a small part of economics is 'scientific.' Again, if we define science according to the slogan 'Science is Measurement,' then economics is scientific in some of its parts and not in others. There should be no susceptibilities concerning 'rank' or 'dignity' about this: to call a field a science should not spell either a compliment or the reverse.*

It is helping to say that since economics uses techniques that are not in use among the general public, and since there are economists to cultivate them, economics is obviously a science within our meaning of the term as defined above. It seems to follow that to write the history of those techniques is a perfectly straightforward task about which there should be no doubts or qualms.

Objectives of Economic History

What is the goal of an economic historian who innings around to seeking historical economic information? What are his aims? What are the relevancies of such information after getting them? These are questions that this chapter will attempt to answer. It will unfold the objectives of economic history or of an economic historian.

The primary objective of an economic historian is explanation. (A.T Ajayi). Economic historians seek to understand the way economies have operated or the way the

welfare of people in the society has been affected by economic phenomena. Ajayi further stressed that, explanation in economic history does not differ significantly from scientific explanation in the natural physical sciences. It is notable however, that economic historians are duly concerned with shaping the extent to which these explanations fits the empirical evidence that is obtainable.

> *"The issues that are relevance to an economic historian range as widely as an interest in the growth, stagnation, or decline of economics; the wellbeing of individual group in the economy during the course of economic change; and the interrelationship between economic organizations performance".*

While explanation of the economic past is the ultimate objective of the economic historian, of course, an awareness of the principle of scientific method is an essential requirement in the pursuit of this objective. This has been discussed earlier in this book. Again, economic historians tend to provide a systematic and integrated explanation of the economic past and this inevitably involves something more than the development and testing of a single hypothesis. It is crucial however to be aware of the fact that limitation of empirical evidence pose correspondingly serious problems for economic historians. Of course, these researchers were faced with discrete, non-repetitive, past performance: the artifacts and evidence that remain are material evidence.

It is germane to also know that economic history is also concerned with how people lived most of their lives, how many were born and died, how they earned and spent, worked and played. Such variants however reveal little more than the definition which once said that it was the sort of history which required knowledge of economics. This is in fact, another principal objective of economic history.

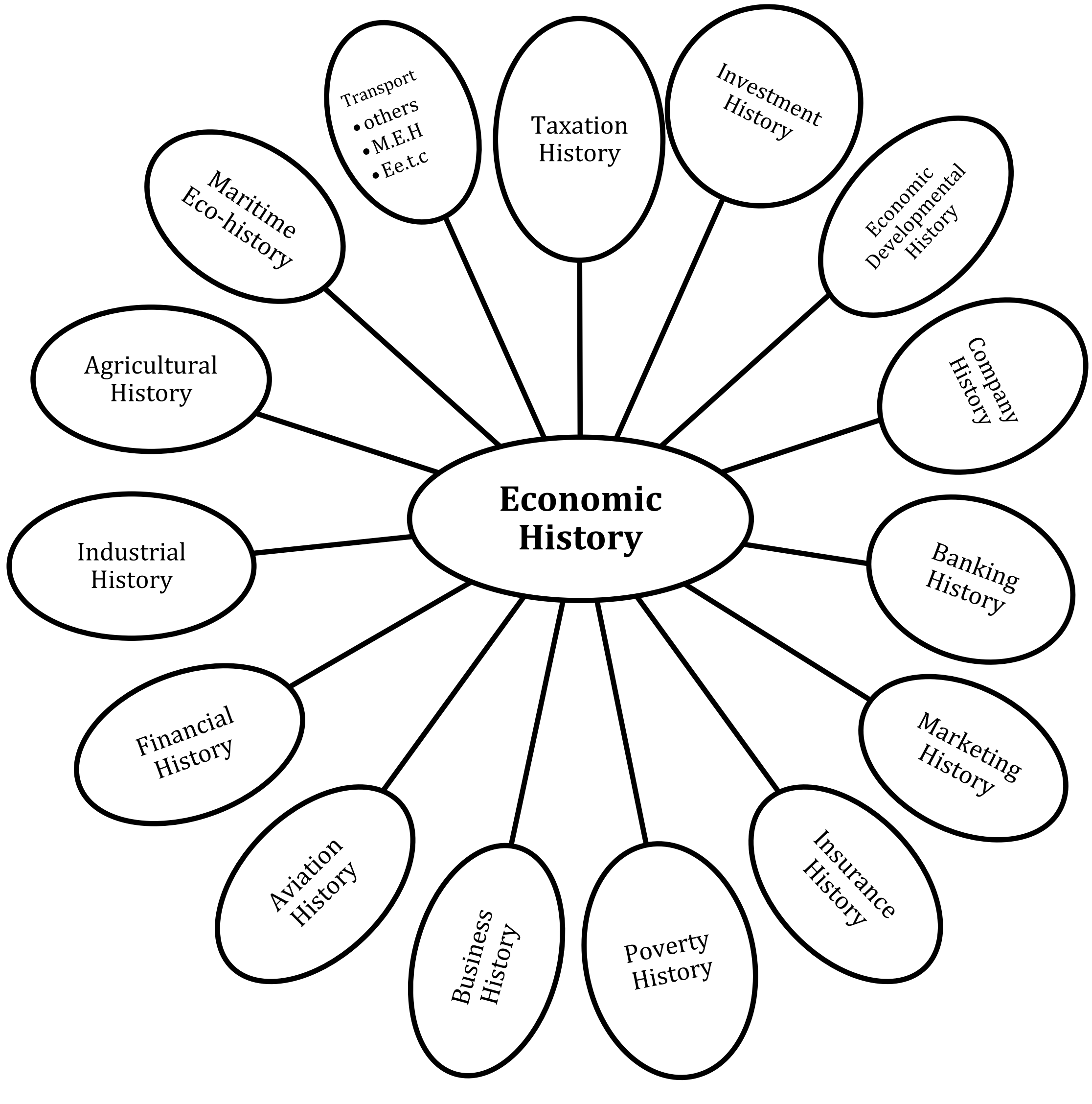
Economic history tends at fascinating and seeking answers to historical questions in the areas that the use of counterfactual propositions. It is clear from the forgoing that economic historians are not in the field trying to make themselves busy but are in all facets motioned into bringing back the relevance of the economic progress.

Chapter Six
Branches of Economic History

What will struck your mind here is that, why should Economic History have branches since itself is a branch of history. Of course, it is simple to know. You must at first know that the discipline of economics itself was formerly a sub-discipline of this field, it is therefore not flabbergasting to see economic history been formerly referred to as political economy. Its hegemony is though not prevalently known, except in the recent times. Economic history is a discipline on its own which deserves a faculty in territory institutions because of its kernel and numberless sub-disciplines. These sub-disciplines are not however a disguise to its study they are indeed supportive in the process illuminating the subject. Each of these branches focuses on separate aspect of the subject and helps to get to the deep of such specified field. The branches will form the next discourse.

As pointed out above, economic history is departmentalized into numerous sub-disciplines, they are shown in the chart below.

Chart One: Branches of Economic history



These Branches need to be explained so that it will not only be pictured without a sentient of what each of them tends to achieve in the study of economic history. However, their relevance will be reticent and will be treatise in the subsequent chapter.

Agricultural History is the branch of Economic History that deals with farm records. It encapsulate all farming activities records including the methods of farming, process of harvest, crops and seeds history, farm settlement, farm structure and other related farm issues such as Mining, Fishing, Poultry, Hunting and so on. This branch helps us to have quality information from any agricultural sector of a country and help to keep the same.

Business History is a branch of economic history that deals with historical past of the functionality of business and business environment. If Business is organized approach to providing customers with the goods and services that they want or an organization that provides goods and services to the consumer. Then business history tends to study the effectiveness of this charge from the past so as to help contour the present business environment. Business History in the broadcast sense includes everything about our business past, from the history of individual to that of entire business system, Franco & Geoffrey, (2010). It is salient to realize that most businesses seek to make profits that is, they aim to achieve revenues that exceed the costs of operating the business. However, some businesses only seek to earn enough to cover their operating costs. Commonly called nonprofits, these organizations are primarily nongovernmental service providers. Social service agencies, foundations, advocacy groups and so on are good examples. Business history plays a vital role in the life and culture of countries with industrial and postindustrial as it determines business success.

Taxation History is a branch of Economic history that studies the historical system of raising money to finance government outlays. All governments require payments of money (taxes) from people. Governments use tax revenues to pay soldiers and police, to build dams and roads, to operate schools and hospitals, to provide food to the poor and medical care to the elderly, and for hundreds of other purposes. Without taxes to fund its activities, government could not exist. This fundamental fact is what interests an economic historian or Taxation historian in the field of research on taxation history. Throughout history, people have debated the amount and kinds of taxes that a government should impose, as well as how it should distribute the burden of those taxes across society. This question cannot be answer sharply except the exertion of a taxation historian is employed.

Investment History is another branch of economic history that studies the historical spending or setting aside of money for future financial use (gain). For simpleton, investment history might include the study of the historical purchase of financial assets, such as stocks, bonds, mutual funds, or life insurance. Investment Historians also study how the purchase of durable goods, such as housing or a car for investment is been done in the past. The information provided by investment historians or economic historians in the research field of investment history will help to understand the wind of investment in a country and will not let the new investors be lost in an inescapable discombobulation in

the course of carrying out investments and also gives them clue on what, how, and when to invest their surplus capital.

Developmental Economic History (Economic Development History) this aspect of Economic history deals wit the history of economic development of a country. Of course, economic development is the promotion of more intensive and more advanced economic activity through such means as education, improved tools and techniques, more available financing, better transportation facilities, and creation of new businesses. This aspect is interested in the rate at which an economy is growing compares to the past. This is done by reviewing all economic development elements in a country and a vivid juxtaposition is done to ascertain the level of economic growth. Scholars in this field work with other specialized scholars in other socio-economic field and make their research across the board.

Company History is without verbosity, the study of the historical event of a business or an organization created to pursue profit by providing goods or services. Indirectly related to that of business history, it is more formal than it does. It involves a critical and rigorous but confidential research on a particular company. How it started and what and what led to its growth. How it has sustained the rugged environment and so on. This field is uncommon unlike other popular field of the same sub-group.

Banking History is another branch that concerns an economic historian. Of course, Banking is the business of providing financial services to consumers and businesses. The basic services a bank provides are checking or opening of accounts, which can be used like money to make payments and purchase goods and services; savings accounts and time deposits that can be used to save money for future use; loans that consumers and businesses can use to purchase goods and services; and basic cash management services such as check cashing and foreign currency exchange. Economic Historians in the research field of banking are serious on how to get this information for a proper banking policy. Indirectly, bank workers who investigate into this history are not aware that they are historians. Among its caliber, it is not a common field and any historian who would specialize in this field will likely earn his daily living and exploitation is not far from such. Bank a place where banking takes place is any financial institution that receives collects, transfers, pays, exchanges, lends, invests, or safeguards money for its customers. I am not claiming that an economic historian will work in bank for banking history's sake, though this is done in some country that has lost its economy direction, but are likely to help the banking industries while in financial crises to investigate the cause.

Marketing History needs not be difficult to relate with its god, that is economic history. Marketing itself is of course, the process by which a product or service originates and is then priced, promoted, and distributed to consumers. In large corporations the principal marketing functions precede the manufacture of a product. They involve market research and product development, design, and testing. The market research is the primary work of an economic historian in such field. Marketing History can therefore be seen as a field that question into the marketing past of an industry. This field also lacks scholars' interests. The information retrieve from marketing research will aid organization planning,

organizing, directing, and controlling with direction on decision-making regarding product lines, pricing, promotion, and servicing. In most of these areas marketing historians have first class opinion; unlike others, their function is second class.

Insurance History like its friends investigates into legal contract that protects people from the financial costs that result from loss of life, loss of health, lawsuits, or property damage. This extraneous branch provides a means for individuals and societies to avoid some of the risks faced in everyday life through a proper knowledge of securing their objects and subjects. Economic history gives accurate information on the cause of these casualties and help to reason its way out.

Poverty Economic History is another branch of economic history that helps to study the cause, the role, the impact, and the solution to poverty in an economy. Poverty Economic Historians are so much in love with factors that causes poverty with the study of poor communities. They tend to know the experience of such people. The rate of poverty which affects an economy will be drastically reduced if scholars are enamored with this field. Of course, poverty is a condition of having insufficient resources or income. In its most extreme form, poverty is a lack of basic human needs, such as adequate and nutritious food, clothing, housing, clean water, and health services. The causes of extreme poverty are squinted in terrible suffering and death, and even modest levels of poverty can prevent people from realizing many of their desires. The world's poorest people many of whom live in developing areas of Africa, Asia, Latin America, and Eastern Europe struggle daily for food, shelter, and other necessities. They often suffer from severe malnutrition, epidemic disease outbreaks, famine, and war. Economic Historians has found this field succulent and have in recent times study the country noted earlier in relation to poverty. This field is attracting more scholars as the information provided is cherished by the authorities concerned.

Aviation Economic History is also another juicy branch of economic history. Aviation is a term that is applied to science and practice of flight in heavier-than-air craft, including airplanes, gliders, helicopters, ornithopters, convertiplanes, and VTOL (vertical takeoff and landing) and STOL (short takeoff and landing) craft . Of course Economic Historians here study the past records of these events. The information provided here will help to compute the Immigration-emigration data and death rate information of casualties of immigrants or emigrants of a country. It is also palpable to note that the study of this field is grouped broadly into three classes: history of military aviation, history of commercial aviation, and history of general aviation, though there might be new categories. Military aviation includes all forms of flying by the armed forces strategic, tactical, and logistical. When an Economic Historian studies this they help to understand the military efficacy of a country to its country. The history of commercial aviation embraces primarily the operation of scheduled and charter airlines this is what primarily interest an economic historian. General aviation embraces all other forms of flying such as instructional flying, crop dusting by air, flying for sport, private flying, and transportation in business-owned airplanes, usually known as executive aircraft. This is however of secondary interest to economic historian.

Financial History as a branch of Economic History has to do with history of money. It ranges from the study of the value of money to the inflow and out flow of money in an economy. The traditional function of financial reporting to an organization is to provide business owners with information about the companies that they owned and operated. The value of an economy financial capacity is best understood by the investigation of her financial history. That is the income and expenditure of a country. How much is the country investing and what her investment future like is, are question in the heart of financial historian.

Industrial History is one field, of recent, that has attracted a gargantuan numbers of economic historian. It is a field that tend to study the role of industries or industrial growth in countries of the world. Industrial history in a general sense means the study of the production of goods and services in an economy in the past. The term industry itself refers to a group of enterprises (private businesses or government-operated corporations) that produce a specific type of good or service for example, the beverage industry, the gold industry, or the music industry. Some industries produce physical goods, such as lumber, steel, or textiles. Other industries such as the airline, railroad, and trucking industries provide services by transporting people or products from one place to another. Still other industries, such as the banking and restaurant industries, provide services such as lending money and serving food, respectively. The history of all of these will not escape the mind of an economic historian in this field. Prior to the evolution of the popular industrial revolution, economic historians have developed interest in the field. An historian who therefore writes industrial history is an industrial historian.

Maritime Economic history is a branch of economic history that I refer to as water history or sea history. Maritime economic historians are interested in proving information that will help to ensure that the oceans within a jurisdiction are free from enemy interference. They also investigate into how goods are being transport from one country to another or among country. Since inception, sea route had cause many conflict among several countries this is because the availability of big seas signifies commerce and navy capacity of a country. The navy coordinates, search and rescue operations with the air force and works with other governmental agencies to protect maritime resources by enforcing laws and environmental regulations. This laws are made available by a review of the aviation activates provided by a maritime historian.

Others undeveloped branches are also yet to receive attention of writers such as environmental history, Feminine History/Gender History and the likes. The explanation given so far would undoubtedly go an elongated way to ease the study and would also give students who must have been wandering about for lucrative field to establish their rest. It will also serve an introductive note for a new researcher in this field. It is important that I draw your attention to the fact that these branches might be argued by other scholars as flame and unreal. Such scholar would have to provide concrete evidence to cement his opinion, however, as I noted earlier more hands are still on research desk to bring to student full awareness all the details that go in for economic history. The next chapter will however deal with the importance of economic history as a discipline.

Chapter Seven

Importance of Economic History

The absence of the relevance of the study of economic history will make it irrelevant to study. This chapter will give enough reason while the study is incontrovertible. It must be bore in mind however, that this chapter will not at all, attempt an over-glorification of any hero neither will it underestimate the same, but will attempt a justification for the study of economic history. This is important to give an honored mind to a student who finds his way on the road to the discipline.

There are countless numbers of its relevancies. Unfortunately, some students who are ignorant of its position underestimate its germaneness. It has also been observed that most of the relevance given earlier by writers in this field is sarcastic. That is, without a practiced or practicing examples. This mistake will be ardently avoided as this only give an elementary knowledge to the subject in question. Of course, its importance here will enjoy examples of its workability.

Paramountly, economic history deals with individuals and groups in the society. It concerns itself with particular businessmen or companies, with those who influenced or carried out economic policy, with pressure groups or administrative entities. (G.R Elton). In line with the position that the subject is not interested in the over-glorification of economic heroes, indeed, it is not but yet, studies economic heroes. In most cases, it glorifies them, (See chapter three). In seeking answers to historical questions in these areas the use of counterfactual propositions involving economic models and statistical manipulation is of very limited value, when not either inappropriate or even impossible.

It is its duty to educate and train economic historians. That economists need at least some training in economic history is not untrue. It is unarguable that there is no economist without the historical awareness of economic past. No one with the slightest feeling for historical reality could believe that the Great Depression was due to supply side forces. (Mark Thomas) The field served as a means through which great economist and even historians have been able to acquire knowledge of their larger environment. The field for example as recorded over the short period of its study, erudite scholars who has contributed largely to the economy of the world. To mention but few: G.O Ogunremi, Ayodeji Olukoya (prof), A.G Hopkins, K.O Dike, G.H Hellenes, Allan McPhee, Paul Zeleza Tiyambe among others are scholars whose works have added a greater advantage to the world of economics.

Another discernible lesson from Economic history is that, it helps to develop economic activities of the countries of the world through the kept records. (B.V Kudaisi) She added that "*the study of economic history as a discipline widens our knowledge economically and also help us to predict the future state of our economy*". For example the adoption of capitalism in other part of the world especially in Africa continent has been traced to the experience of its workability from their colonial master. Countries like Nigeria, Ghana e.t.c are now on their way to pure capitalism due to this fact. It is obvious that the study of the economic activities has helped to foster economic planning in these countries. Again the

introduction of mobile banking, cashless policy in Nigeria was a direct duplicate of the Western world. This shows how the study of their past economic activities has paved the way for the country's economic development. It is also noted that the study disvirgined our knowledge of the world's economy and this now make us aware of the economy of other country and built us a correct citizen of the global world.

Notably, economic history is designed to promote researches in the teaching of the history of economic thoughts, its, of course, help in times of crises and for remedy people turn to the past for help. This is shown clearly during the Industrial Revolution. The Industrial Revolution gave birth to some economic thought which help to maintain the rapid industrial growth. One of such is the Laissez-Faire developed the eminent great Adam Smith, others include Maxims and so on.

It is important to know that, economic history concerns itself particularly with those who influence or drafted economic policy, that is, administrators. Hence, it serves as a powerful instrument in the formulation of a good and reliable economy policy. No doubt Economic history of the past is a source of information as administrators are drafting new economic policies. It is tedious for a new policy to reveal the mind of the people without the visits to the weakness and strength of the past economic policies.

Pertinently, economic history remains the best means of gaining a deeper understanding of the past and present problem. (T.C Barker) This I guess would be through the assessment of the causes, consequences and gains of such event. The understanding and control of the 2008 financial crises was achieved by an economic survey of the Great Depression of 1929-30. The last months of 2008 that witnessed what is being called the worst financial crisis was first indicated by the serious crisis that appeared in January 2008. With the sharp drop in the profits of the Citigroup banking led to a sharp fall on the New York Stock Exchange. The understanding and remedy was provided through study of economic past. This is one reason why the study cannot be mistreated.

It is imperative to also say that, the study as made it possible to construct new courses when dealing with such topics as the growth of leisure and its manifold effects. The introduction and development of new topics under economic history in the recent times has prophesied it unavoidable relevance. New fields like: poverty history, maritime economic history, banking history, forest history and so on are now part of the curriculum for economic historians to study, no doubt, many other sub-disciplines that will help the academic field will soon be brought to light by it devotional study of economic history.

Its also provides the most useful starting point for any study of women's movement. Of course women are said to own the economy. Women remain a first class consumer of goods and service, they are the chief patronize of the market, their actions affect household decision and in turn have a larger effect on the economic activities of a country. For example, American women have historically been victimized by discrimination in voting, employment and other civil rights for many years. In the late 1960s women organized to demand legal equality with men. They founded the National Organization for Women and other groups to press for equality in education, employment, and government. As a result of the 1964 Civil Rights Act, women made some

gains against employment discrimination. During the 1970s, the effort was pressed not only against discriminatory practices but also against unfashionable attitudes toward the role of women in the society. In 1972 Congress passed the Equal Rights Amendment (ERA) to the Constitution and submitted it to the states for ratification. Economic history help to this extend. No doubt, the study of economic past is capable of providing a starting point in the study of women movement.

It is also salient to note that the study of economic history helps to grasp the significant and validity of both economic problems and methods through the knowledge of the past and tentative response. For example the problems associated with low economic development have been traced to the *tabula rasa* knowledge of Industrialization. With recent spread of industrialization, every country has made a shift in the economic development process. Some of them like U.SA, U.K, China, Japan, South Africa, etc., have shifted permanently to the technological world and this have aided economic development in these countries. Other countries like Nigeria, Ghana etc., are also advancing in the shift towards industrialization. Thus the knowledge of such past has help to reconstruct their present. Again the problem faced by Ghana of recent has been traced down to their economic past dependant (Gold) and has return to such source making a monopoly of it. Same also experience by Nigeria, prior to the Oil boom of the 1970s the country had shifted from agricultural dependency to oil. Of course the recent challenges facing the country has made them realize that agricultural sector in the country cannot be undervalued, hence have to revisit and develop the sector.

It is undisputable that the study of economic past gives new inspirations and these inspirations are in turn formed to theories and policies that help study the economy. Or to be well understood, it helps to develop economic thoughts. Barber (1967) opines that:

> *The discipline of economics begins with an Adam, whose surname was Smith. While it is true that his great work - published in that revolutionary year, 1776 - launched the classical tradition in economic thought, a larger claim for his innovating role would not be justified.*

For example Individualism, in political and economic philosophy was promulgated by English philosopher Thomas Hobbes and Scottish economist Adam Smith, this has aid the study of human personality. Marxism in another hand which is the political and economic theories of Karl Marx and Friedrich Engels, in which class struggle is a central element in the analysis of social change in Western societies has also help to study the struggle in the society. The 18th-century Scottish economist Adam Smith who believed that individual welfare was more important than national power also propounded the Laissez-Faire and advocated a policy of free trade so that the "invisible hand" of competition could act as an economic regulator in his book *The Wealth of Nations* (1776), this work has formed the basis for the world growing economy today and more country are shifting their grounds. Many of these theories and policy is what economic history knowledge helps us to reapply to our contemporary economy situations.

Through the knowledge of economic past, we tend to learn the futility of economic controversies and depression and respond to the same. This fact can be illustrated by the protests of the French peasant after the hike in cost of good and services which was as a result of the drought in the country and eventually led to the French revolution that shook not only European continent but also the world and led to other devastating economy, social, cultural and political effect. Of course, these lessons must have been learnt by Nigerians during the fuel subsidy removal protests of January 1st 2012 by handling it with carefulness. Although some critics have argued that the protest was an irreversible opportunity for Nigerians to cause revolution, but in the other way round what need to be right must have been roughly and wrongly right leading to another crisis. I am not by anyway in opposition and in accord with both views, while I maintain neutrality, the fact remains that we have all learnt from economic history.

Economic history of the past also teaches us about human's minds. Truly, economic sociologist studies human behavior and their reaction to economic change. How does economic history achieve this is a question that is directed to the normative economics. Of course, normative economics is an economic theory that makes value judgments and prescribes what should be done to solve economic problems unlike positive economics which does not prescribe any economic policy to modify such behavior, it helps to predict human mind and what an outcome of policy against human activities can results to.

The study helps to solve the basic economic problems. The study helps to gather information on how these problems can be dealt with. A list of economic problems has been discussed in chapter three of this book. In Eastern European for example, when the nations moved to a capitalist economy, they repeatedly encountered severe economic problems. After years of Communist protection and subsidization, many Eastern European industries were unable to compete in a free-market economy. Unemployment and inflation became the other of the day, but they did not have effective social security systems to deal with such problems. In some countries economic hardship led voters to return reconstituted Communist parties to government which was discovered by an investigative move to their economic past. They then stressed their commitment to democratic principles and market economics, and of course, changes in government were achieved democratically.

The study gives knowledge of foreign relations and help to control imports and exports. In 1961 for example, The U.S increasing rate of imports of crude oil was reflected in a slackening domestic production and a decline in exploration activity. The first attempt to arrest this trend came in the form of voluntary import controls with was a lesson learnt from economic past. Pressure caused by the important discoveries by U.S. companies in South America and in the Middle East, however, resulted in a gradual rise in imported oil. In March 1959, the government enacted mandatory controls over imports from all nations. Subsequently, controls on imports from Canada and Mexico were relaxed. This met the challenges at hand which would have crippled them economy. However, if the knowledge of economic history is not accurately employed it could lead to a devastating effect on the economy.

The knowledge of past financial history helps to understand the financial position of our economy and why it is so this record helps to judge the position of economic development, including import/export balances. In China for example, the national economy maintained its development momentum, this momentum is characterized by rapid growth, strong performance and relatively low prices. How was this conclusion reached is a question answered by the financial economic history. Of course, economic growth was fast yet steady; the GDP of China in the year 2006 reached 20.94 trillion Yuan, up 10.7% from the year before. Economic development became more stable, with only minor fluctuations in quarterly and annual GDP growth rates. The consumer price index rose by 1.5% during the year. The study above shows that economic growth rate has remained at or slightly above 10% for at least two consecutive years, price rises have been relatively slow and stable, this displayed the situation rarely witnessed in the history of China's development. That is, the economy performed well seeing total government revenue for 2006 as 3.93 trillion yuan, an increase of 24.3%. This figure provided above was undoubtedly gotten from the data kept by the financial historian (directly or indirectly) and now became a place to visit for financial position.

It gives the understanding of the valve of money and help to maintain and resolve national debts issues. For example, it was made known that salt as long been used as a form of exchange in some part of the world. That the word “salary” is actually derived from The Latin word “salarium”, which was the Roman word for “money used to buy salt.” We also study the use of salt as primary currency in East Africa throughout the Middle Ages. In America for example is was recorded that at Central America, cocoa bean was the food-currency of choice. In Central Asia, they used tea bricks. The understanding of the difficulty in this past processes or systems made each country to develop a better payment system that led to the introduction of paper money. Each paper money or coin was valuable than the other. The establishment of central banks was also historically designed.

The importance of economic history cannot be totally exhausted. Other relevances of the study includes the fact that the study of past business history helps to develop a lucrative business plan for a new business. It also helps to have access to first class information on insurance research. The study of economic history also helps us to predict the outcome of adopting an economic policy. In addition to that, the study also helps in effective and efficient maximization of natural resources. Natural resources can be better maximized through the study of its past and its source. It helps to measure the level of standard of living in a country through the available past records. It also helps to understand the prerequisite and processes to economic growth and development. Of course, it also helps for instant Aviation economic history, to compute immigration/emigration records of a country and also helps to understand the cause and demand of industrial growth. The study also helps us coordinate market activities through the study of how it has been done and its perpetual review and in fact, it helps us to choose the best production technics in manufacturing process. The problem of suitable location for production, market, and source of raw materials are investigated and solved. The above views about its relevance cannot be said to be the only importance of the study

as the study exposes the learners to all forms of lessons in both economic and historical world and beyond.

Chapter Eight
Economic History and Other Cognate Disciplines

It is remarkably veracity that the study of any academic discipline has its own peculiarity. An effort of a seclusion study of economic history as some writers have done in their first attempt has proved unworkable due to the dependency nature of the discipline. The appropriate study of economic history has undisputedly spread across other familiar disciplines. These close affinities have given a brighter and in turn enlightened the study for intellectual sagacity and make it a discipline to be reckoned with. The appreciation of such sub-disciplines like: philosophy, archeology, sociology, statistics, geography, mathematics among their caliber need not to be underestimated and cannot be denied their important roles.

While I subscribe to the correlational theory of M.H Siddiqui, this inter-disciplinary relationship can be correlated. Of course *the technique of correlation helps to maintain the reciprocal relationship between different subjects.* Though it is one of the teaching methods and it is hoary. The attention of the reader here is therefore drawn to the fact that the use of correlational technique will only be use here to explain the relationship between these disciplines. It is advantageous because it will make the learning more stable and permanent; provide more practical learning to the reader and of course, make the learning more economical. Siddiqui however divides the technique into two broad categories, viz: Vertical and Horizontal correlation.

While the former correlates the relationship between the subject itself that is, the relationship among different concepts or topics of the discipline, for instance, the relationship between economic systems and thoughts or the relationship between different economic systems in historical perspective. The latter however correlates the knowledge of various disciplines. That is, their cerebral relationship. In this sense, economic history can be correlated with any other disciplines in the neighboring academic surroundings. This is of course the reason for adopting this theory.

It is however imperative to understand here that economic history has little or little-more relationship with every discipline one can think of, it has specific inseparable relationship with some other disciplines which are obligatory and will be concentrated on here. These disciplines or sub-disciplines are: Sociology (Economic Sociology), Statistics (Economic Statistics), Mathematics (Mathematical Economics), Social-Anthropology (Social-Anthropological Economics), Archeology (Economic Archeology), Geography (Economic Geography) or/and Geology (Economic Geology), philosophy (Economic philosophy), Law (Economic Law) and Education (Economic Education). This will be fine-tuned in that order.

Sociology (Economic Sociology)

Sociology (Economic Sociology) or sociological economics has close affinity with the study of economic history. *Sociology is a social science, which study the social relationship between people as individuals and as a group and the influence of social conditions on these relationships*. Shittu, (2008). It should be a generally-known fact that when sociologists

study economic institutions, they seek to understand how societies produce, distribute, and consume goods and service. *Economic sociology is the study of how the production and consumption that define material life depends on social processes for their structure and dynamics*. (Fligstein and Dioun). Of course, (Fligstein and Dioun) further divided the field into two parts: the sociology of markets and the sociology of consumption. The former is concerned with the problem of the organization of production. It reflect four of economic sociology's most generative approaches to the sociology of markets which are network analysis, institutionalism, political economy, and the creation of market devices including scholarship that focuses on how economic theory is performed to create markets. The latter however focuses on what goods and services mean to consumers and how they use them as a means to distinguish themselves from others by constituting lifestyles. It unfolds how scholars have used culture, meaning, status, and morality as analytic tools to distinguish the ways in which consumers accept or reject new products.

Sociologist Joan Ferrante (2006) noted that economic system as a socially created institution that coordinates human activities in the effort to produce, distribute and consume good and service. The intimate relationship between the two sub-disciplines must have made him to posit such. It is also succulent to see Sociologists defining markets as a socially constructed arenas where repeated exchanges occur between buyers and sellers under a set of formal rules and informal understandings that govern relations among competitors, suppliers, and customers. These rules and understandings guide interactions, facilitate trade, define what products are produced, sometimes constitute the products themselves, and provide stability for buyers, sellers, and producers. In modern capitalism, markets also depend on governments, laws, and larger cultural understandings to operate (Fligstein, 2001).

Economic Sociologist use Whistle blowing to identify socio-economic problems and adopt Debunking to correct such socio-economic perception. Another relationship worthy of cognizance is that while neoclassical economics claims that price is an ever-emergent phenomena guided by the "invisible" hand of the market, economic sociologists argue that price is the result of social relationships and shared understandings among market participants. That producer will pursue a number of social strategies such as product differentiation, collusion, and cooptation rather than take part in destabilizing price competition (White, 2002).

In retrospect, Joan, (2006) however pointed at the relationship between the social factors of the cause of industrial revolution and the social impact. B.V Rao, (1993) noted that the industrial revolution had great impact on the society for a span of nearly seventy years. (1830-1900) also noted the increase in population, disturb of social structure in English society, condition in Towns and so on. What all of these mean is that economic history cannot reasonably be assessed without the knowledge of sociology.

Statistics (Economic Statistics)

Statistics (Economic Statistics) or statistical economics or economics of statistics, whatever name is given, also have an acquainted relationship with economic history. *Statistics is the science of collecting, organizing, presenting, analyzing, and interpreting data to assist in making more effective decisions*. Douglas, (2005). The use of statistics is obviously to help in a proper representation and presentation of data, which can be of any type. For example: economic data; historical data; medical data and so on. However, *economic statistics is the branch of applied statistic focusing on the collection, processing, compilation and dissemination of statistics concerning the economy of a region, a country or a group of countries or a subtopic of official statistics, since most of the economic statistics are produced by official organizations examples are statistical institutes, intergovernmental organizations such as United Nations, European Union or OECD, central banks, ministries, and so on.* Of course, Economic statistics provide the empirical data needed in economic research generally called econometrics, and these are the basis for decision and economic policy making. It is further divided into a number of distinct sub-domains this domain deals with apiece of economic element, they include: Macro-economic statistics this includes: national accounts, balance of payment statistics, Business statistics which are structural and short-term, Sectoral statistics, they also includes transport energy, agriculture, information and communication, the financial sector, tourism and so on, Price statistics and of course, Trade statistics which are international trade in commodities and services.

Basic variables of substantial interest in economic statistics may include: sales (turnover) and/or output; employment; value added; exports and imports of goods and services; and number of enterprises. Others in this category are variables that might be collected to supplement economic data. They include: assets (both financial and nonfinancial); compensation of employees; net worth; net operating surplus; gross fixed capital formation; taxes on income; research and development expenditures; total purchases of goods and services; and intragroup exports and imports and so on.

However, statistics employed the use of certain elements to present economic data of the past. Although some of these elements may not be crucial or they may be of minor significance to some of the economic historians. One of such is Demography that is characterized (in economic history) by a provision of information about the period of economic activity of a given unit and include the date of commencement and cessation of its activity. It gives the dynamics of creation (birth)/cessation (death) of units in the economy; the demographic characteristics also owned their significance help to identifying units as a targeted population for economic statistical surveys.

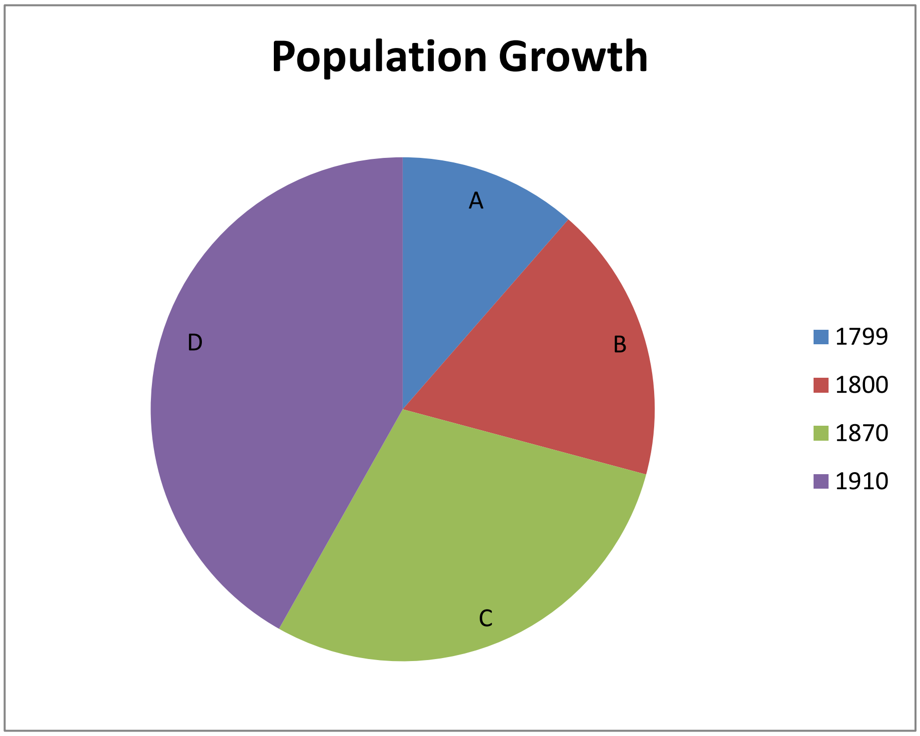
Pertinent to the above is the use of probability. Tables, Graphs, Charts, Correlation and Regression, Sampling, Hypothesis, Variability Tests and Measures of Central Tendency such as Mean, Median and Mode and so on, these elements help an economic historian that adopts them to know the quality and adequacy of available information. Graphs and Charts for example help to represent economic data in a more analytical and pictorial way.

An economic historian who studies the impact of Industrial Revolution on European population for example, would account for a perpetual increase in population growth. For more clarity, given the population growth in Europe in the years of the early industrial revolution will call for more analytical expression. The population growth in Europe in the early years of industrial revolution is given as follows: 120million in 1779, 187million in 1800, 305million in 1870, and 440million in 1910. B.V Rao, (1991). This information may be discombobulating. The information can be further presented as in a table. See Table One below:

Table One:

	Years	**Frequency (million)**	**Relative of Frequency**	**Rel. 360°**
A	1779	120	120/1052×360°	41.1°
B	1800	187	187/1052×360°	63.9°
C	1870	305	305/1052×360°	104.4°
D	1910	440	440/1052×360°	150.6°
Total		1052		360°

A Pie Chart showing population growth in Europe from 1779 and 1910



Source: (*F.A Falade, Mathematical Approach to Historical Analysis, an elementary view for history students. (Unpublished). See Reference.*

From the above example, it is more unblemished to appreciate the population growth impact of the industrial revolution in Europe in these periods with the aid of statistical economic approach. Another example that could also help to measure the average population growth in these years is the use of mean or median. However, it has been argued that the use of median illustrate average more accurately than the use of mean. The two shall be used here for identical juxtaposition.

The formula for Arithmetic Mean is = $\bar{x} = \frac{\sum x}{N}$

$\sum$ is the symbol for sum

X is the symbol for the scores.

N is the symbol for the number of scores.

Interestingly and effortlessly, this formula simply says you get the mean by summing up all the scores and dividing the total by the number of scores. Am sure this is very simple to understand. Using the figures in the table below will can work it out here. **Table Two:**

Years	Frequency (million)
1779	120
1800	187
1870	305
1910	440
	1052

$$\therefore = \frac{(120+187+305+440)}{4} = \frac{1052}{4}$$

= 262

Hence the average population growth is **262million.**

In the other way median shall be use to check it average. Median is the middle value in the list of numbers. To calculate the Median value, if we list the scores in order from highest to lowest (or lowest to highest) and find the middle-most score, of course, that is the median. But if the middle score cannot be easily located because the number is even then the formula plays its card.

Formula: $$Median = \left(\frac{n+1}{2}\right)^{th} term$$

Using the same data we have:

The middle number is between 187m and 305m, then the formula came to be.

$$\frac{187+305}{2} = \frac{492}{2}$$

Median = 246

The mode can also be applied. It is the most frequently occurring score or value. But in this case the data cannot be measure through mode since all of them appeared once.

Mathematics (Mathematical Economics)

Mathematics (Mathematical Economic History) or mathematics of economics is another sub-discipline that cannot be swept under carpet, though previously, it is not commonly adopted by many economic historians because of its ado and technicality. Conventionally, application of mathematics had been restricted to the physical sciences, and the theories in the social sciences had been neglected, but in these days mathematical economics is noticed to be the center of attractiveness for many economic historians. *Economic Mathematics history is an approach to economic analysis in which the economists make use of mathematical symbols in the statement of problem and also draw upon known mathematical theorem to aid in its reasoning*. Apart from the fact that the approach is more rigorous, it also allows us to treat the general variable case and the language used is in fact more concise and precise, (Guoqiang Tian) It makes use of Equilibrium models, Graphical solution, Matrices, Lineal Equation, Algebras and so on.

It is adoptable in microeconomics theory, macroeconomics, international trade, economic development, public finance and all other related segments of economic history. Of course, mathematical models are recognized in providing a rational approach to solving many of the problems in decision making, allocation, and forecasting. It is pertinent to know that its development took several centuries to develop. Sir William Petty (1623-1687) is believed to be the first participant in this field. He used the terms of symbols in his studies, but he was not successful. However, the first successful attempt

was made by an Italian, named Giovanni Ceva (1647—1734). After these earlier developments, Antoine Augustin Cournot (1801-1877) made use of symbols in his theory of wealth. After his work, Alfred Marshall in his *"Principles of Economics"* (1890), and Irving Fisher in his Ph.D. thesis *"Mathematical Investigations in The Theory of Value and Prices"* showed a great interest in mathematical formulation of the economic theory. After their work, such a race began in this field that most scholars in mathematical field and with less knowledge in the economic theory jumped in this new field and more and more articles started publishing with excessive use of mathematics and lacking theory, Fred (1967). To therefore say that the discipline of mathematics has good relationship with economic history like his 'brother' economics is not a slipup.
During a market research you might come across an economic equation that needed mathematical consent.
Example: suppose that in market economic history the demand and supply functions for 1999 and 2000 are numerically given as: Qd= 10-2p, Qs= 15+p and Qd= 12-2p, Qs= 20+p respectively. As an economic historian who is interested in the change in equilibrium price and quantities, and demand and supply between these two years. Then the differences need to be mathematically gotten. See solution below:

Solution For 1999.
Qs= 15+p
Qd= 10-2p
Note equilibrium point is when Qd=Qs
= 10-2p=15+p Collect the like terms
2p-p= 15-10
P=5
To get the Qs or Qd, substitute P=5 in Qs or Qd equation. See below:
Qs= 15+p= 15+5= 20
Qd= 10-2p= 10+ 2(5)= 20

Solution For 2000.
Qd= 12-2p
Qs= 20+p
12-2p=20+p
2p-p= 20-12
P=8
Qs= 20+p= 20+8= 28
Qd= 12+ 2(8)= 12+16=28

The Qp for 1999 and 2000 are 5 and 8 respectively which means that the difference is 3. Of course the differences between 1999 and 2000 for Qs and Qd is 8. I know it might appear too logical as to a student who is more interested in essay writing skill. However, since this book is produced by historians (though in-making) and the example was singlehandedly worked out with little knowledge of mathematics, then you are advise to acute yourself to the study.

In short an economic historian who successful obtains its dreamed information through mathematical approach will understand that economic history has inseparable relationship with mathematics. However, one of its limitations is that the knowledge (mathematical language to economic past reports) can just describe the economic phenomenon but cannot explain it. In easy words, it describes what has been observed not what will be observed, so it lacks predictive power, which is the core of the "Positive Economics".

Social-Anthropology (Social-Anthropological Economics)

Social-Anthropology (Social-Anthropological Economics) unlike the two previous branches discussed is, not tedious. Anthropology itself is of course, *the study of humans, past and present. It helps to understand the full sweep and complexity of cultures across all human history*. Anthropology draws and builds upon knowledge from the social and biological sciences as well as the humanities and physical sciences just the same way economic history do builds upon knowledge from the social and humanities. This assertion serves as a correlational symbol.

However, Economic anthropology studies *how human societies provide the material goods and services that make life possible.* In the course of material provisioning and during the realization of final consumption, people relate to each other in ways that convey power and meaning. Morgan and Qin, (2001). Another definition is given By an Archaeology Expert, Kris Hirst. *He sees economic archaeology is the study of how people control their economic resources, most particularly but not entirely, their food supply.* He stresses that the discipline became a major part of archaeology during the 1970s under the influence of Eric S. Higgs in the UK, who brought together researchers in biology, zoology, anthropology, geography, and genetics to study plant and animal use in history and prehistory. Many economic archaeologists are Marxists, and concerned with the power struggles between social classes and how that is represented in the material culture. However, Morgan and Qin (2001) further note that:

> *The degree to which something is `necessary' for life has long been debated and differences between one society and another have environmental, historical, and cultural reasons; but some wants must be inescapably satisfied, otherwise death ensues. Therefore, there is a physical limit to relativism regarding material means of livelihood. On the other hand, nonmaterial goods such as the goodwill of deceased ancestors might be conceived as essential for the reproduction of a society. Most nonmaterial needs, however, have some material expression, such as food sacrifices during ancestor worship or wealth exchange during mortuary ceremonies. The domain of economic anthropology covers the recurring interaction of individuals, within and between social groups and with the wider environment, with the object of providing material goods and services necessary for social reproduction.*

The view expressed by Morgan and Qin is nothing than the truth and this caught the attention of economic historians, in turn relating their relationship. Presently, economic anthropology is moving beyond the boundaries of a conceptual economic domain. While it remains useful to retain the material emphasis of economic processes, in practice, material relations should be studied together with their cultural expressions. On the other hand, ideas of worldwide connectedness in systems of provisioning, relations of production, cultures of consumption, labor migration, etc. need to be taken into account. The practice of economic anthropology seems bound toward the study of social reproduction as a whole, (Narotzky 1997). The relationship between the two sub-disciplines is not mostly noticed by economic historians; it is very difficult to understand or detached sociology and social-anthropology from economic history.

Archeology (Economic Archeology)

Archeology (Economic Archeology) in its own sense can easily be guessed. Historians are familiar with the term archeology and severally referred to it as one of the sources of writing history which is undisputable. Of course, Archaeology is the study of past cultures through the material (physical) remains people left behind. Darvill, (2002). These can range from small artifacts, such as arrowheads, to large buildings, such as pyramids. At their heights, ancient civilizations centered on magnificent cities with large buildings and tombs. Some of these cities also had roads and human-made waterways. Archaeologists who study this part of the human past and investigate into how sufficient economic power developed to create and maintain early civilizations and the factors that led to the decline of such large and powerful societies are economic archeologist.

Archaeologists use these remains to understand and re-create all aspects of past economies, from the daily economic lives of ordinary people to the traditional economic society at large. Of fact, these objects are buried and have to be carefully excavated before they can be studied by an economic historian. In many cases, they are the only clues archaeologists have to help them reconstruct the lives of ancient economic practice. The cost of sacrifice to the gods and the element of trade relation and inter group trading activities in the society. These past records help economic historians to figure the 'unknown unknowns' and hence help in proper planning of economic activities of the contemporary world.

> *Economic archaeology helps us to appreciate and preserve our communal-economic human heritage. It informs us about the economic past, helps us understand how economic activities went and shows us how people lived, overcame challenges, and developed their economic societies we have today.*

Above and beyond, Industrial archaeologists study buildings and remains that date to the period after the Industrial Revolution. The process of economic archeology is very similar to other archeological process. It goes around Hypothesis creation; follow by site

location, then excavation, Data collection and recording, Laboratory and conservation, Interpretation and then the Publication of such economic information for decision making.

Thus, economic history and archeology have such a cordial relationship that is joined at the hip. The fact is relatively appreciated by economic historian because; history will not be story of man and its environment without the investigation of such events that engulfed its past. It is therefore conclusive that this relationship is undispatched and propels more rigorous study.

Geography (Economic Geography or/and Economic Geology)

Economic Geology will be given less attention since it can be encapsulated in geographical economic. Its study *mineral occurrence;* is a natural concentration of a mineral, of no specified tonnage, which is anomalous by some measure and *mineral deposit;* is a *mineral occurrence* of a type, size and grade that forms part of a continuum with those deposits that are possibly minable, also studies Ore Deposit which is a *mineral deposit* that can be mined at a profit, considering all geological and economic factors including grade, tonnage, accessibility, infrastructure, ore processing. Candela, (2007).

Geography (Economic Geography) will enjoy our full attention here, may be because of its peculiarity as the geographical part of it is visible and accessible. It may perhaps be profitable to start the discussion by reassessing the definition given to economics by an economic geographer. *Economics can be defined as the study of world wealth and poverty.* Michael, (2006). This definition has dichotomized itself from the social nature of the subject. Well, geography is the study of variation of how things differ from place to place on the surface of the planet earth. (Gethis et. al, 2008). Of course, it is departmentalized into Economic geography, political geography, human geography, urban geography among others. Our concern is surely, economic geography. Interestingly, economic geography is a discipline that examines the relationship between human societies and the natural environment they occupy. Gethis et. al, (2008).

> *Economic Geography is the study of economic activity. Since economic activity involves man's behavior, economic geography encompasses a study of relationships between economy activity and environment within the context of a particular place.*
>
> Griffin et. al. (1971)

The lineage of Economic Geography comes from Alfred Marshall, a notable British economist who was a central figure in the marginal revolution that transformed economics in the early twentieth century. Aoyama, (2010). During investigation, the goal of an economic geographer has long been to offer multi-faceted explanations for economic processes, growth and prosperity as well as crisis and decline, manifested across territories at various scales: local, regional, national and global.

> *The study of impact of people and their decisions on the distribution of resource usage, the flow of capital and the human production of material wealth and poverty, The spatial distribution of wealth depicted in the world bank map, the demonstration of the pattern of economic inequality, economic geographers study these aspects and the spatial patterns that result.*
>
> Michael (2006)

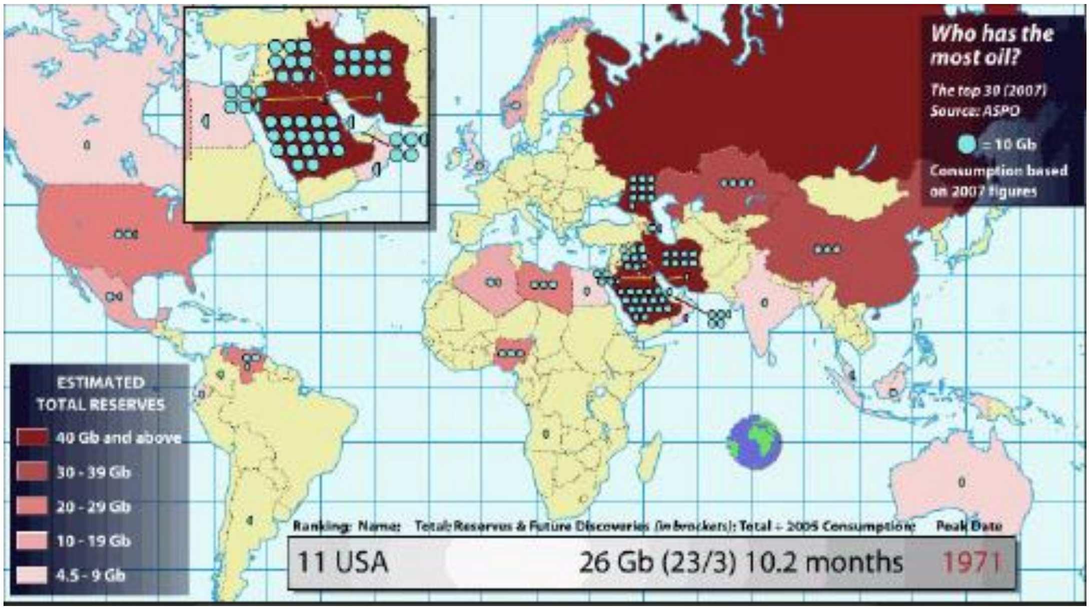
It is vividly obtainable from the foregoing that economic geographer seeks consistence; how economic activities affect human society and other factors, the study of the increasing independent of regional economic system and of course commit to the source of raw materials and localization of industries to mention but a few.

> *What are the major factors that explain the recent growth of the Chinese economy and the relative decline of the United States economy? What explains persistent poverty in pockets of global cities such as New York, London and Tokyo, and what prompted the emergence of vast urban slums in Calcutta? What are the impacts of globalization on people's jobs and livelihoods in different parts of the world? Explaining the causes and consequences of uneven development within and between regions is a central concern for economic geographers.*

It is helping to add that Economic geography since the 1990s reflected these diverse shift that had occurred since the crises of the 1970s. The rebirth of economic geography, known as the 'New Economic Geography' (NEG), was claimed by different groups, including those who catered to the epistemological segment of the 'cultural turn' (e.g. post-modernism/post-structuralism) and those with econometric interests, strongly influenced by the work of Krugman (1991). In practice, the discipline, as noted earlier helps to understand the source of a nation's wealth in the past and give a pivot of reconstruction. For example, the early civilization of Egypt was due to the availability of geographical resources, which is River Nile. This has been severally confirmed by the works of many historians. Again, the location of Britain and the availability of natural resources such as cotton, fertile land and the likes favored her leading role during the early era Industrial Revolution.

Another succulent example to be considered is the location of Countries like: Nigeria, Iraq, Iran, Saudi Arabia and so on which also contributed to their economy sustainability. Ghana in another view enjoys its gold location while Ivory Coast enjoys ivory as their source of economic development. In the area of Production Patterns, for example economic geographers also study the impacts of primary production or producers; secondary and tertiary producer on the country. The use of Map reading also aid economic past study and ease the efforts of an economic historians, for example see map below.

Map One: Map of World Oil Reserves



The map properly displayed the natural distribution of oil or oil reserves in the world, this will help and guild an economic historian during his research into the economic past of the world's oil reserves and the current reserves to understand the impact of its availability. To a larger extend economic history and geographical economics are in each other's pocket.

Philosophy (Economic philosophy)

Philosophy with the sub-discipline of economic philosophy should also be considerably commended. This is also important because of its help which have rendered a ratiocinated assistance to the study of economic history. Knowledgeably and in short, *Philosophy meant the sum total of all scientific knowledge*. Or better define, *It is simply the universal science, of which metaphysics formed a part not less than did physics, and physics not less than mathematics or any 'philosophy' on the nature of society and of the polis***.** Schumpeter, (2006). Economic philosophy is anything but a part of the mainstream diet in the course of an economics education. Economic Philosophy can also be refers to as *the application of philosophical views in economics or in the study of the nature of economics.* At first, St. Thomas Aquinas proposed the use of the word philosophy in economics, except that he excluded the sacred doctrine which was a science apart. All the others were 'philosophical disciplines. In the seventeenth and eighteenth centuries philosophy was usually divided into natural and moral philosophy.

Schumpeter (2006) holds that:

> *The garb of philosophy is removable also in the case of economics: economic analysis has not been shaped at any time by the philosophical opinions that economists happened to have, though it has frequently been vitiated by their political attitudes. These pseudo-explanations have a strong appeal for many historians of economics who are primarily*

> *interested in philosophical aspects and therefore attach an undue weight to the references to such aspects which in fact abound in the literature and are not always easy to recognize for what they are: frills without importance that nevertheless obliterate the filiation of scientific ideas.*

In any case philosophy has render immerse help to economic historians through the adoption of theories and approaches, this is because the understanding of economic philosophy is absolutely fundamental to an understanding of economics itself. The discipline has render help in the development of economic theories which has made the discipline more luscious.

> *The past philosophers are (economic) theorists and the past (economic) theorists are philosophers.*

This assertion is veracious simply because the past philosophers also propounded economic theories and their work spread across other disciplines. Some of them worked in field of politics and economics. Examples are Adam Smith, John Locke, J.S. Mill, Karl Max, Max Weber, and David Ricardo to mention but a few. In short, the role of philosophy also contributed to some extent in the study of economic history but not mostly important in the trend today.

Law (Economic Law)

Law and Economics also known as the economic analysis of law need not be neglected. Though the sub-discipline has suffered damages from the neglect of scholars due to the unawareness of its significance. Paul H. Rubin has help to advertise the field and here I will relate it to economic history. It is important to know however that economic analysis of law or economic laws differs from other forms of legal analysis. The theoretical analysis focuses on *efficiency*. In simple terms, a legal situation is said to be efficient if a right is given to the party who would be willing to pay the most for it. There are two distinct theories of legal efficiency, and law and economics scholars support arguments based on both. The positive theory of legal efficiency states that the common law is efficient; while the normative theory is that the law should be efficient. It is important that the two theories remain separate. Most economists accept both.

> *Law and economics stresses that markets are more efficient than courts. When possible, the legal system, according to the positive theory, will force a transaction into the market. When this is impossible, the legal system attempts to "mimic a market" and guess at what the parties would have desired if markets had been feasible.*
>
> (Paul H. Rubin)

This cause has helped economic historians to investigate into legal effects on economic past during market research. The second characteristic of law and economics is

its emphasis on incentives and people's responses to these incentives. For example, the purpose of damage payments in accident (tort) law is not to compensate injured parties, but rather to provide an incentive for potential injurers to take efficient (cost-justified) precautions to avoid causing the accident.

> *Law and economics shared with other branches of economics the assumption that individuals are rational and respond to incentives. When penalties for an action increase, people will undertake less of that action. Law and economics is more likely than other branches of legal analysis to use empirical or statistical methods to measure these responses to incentives.*

(Paul H. Rubin)

In a very simple way, the development of laws in economics is related to the idea of legal initiative in the subject itself. For example, Demand and Supply law has helped effectively to study the economic past of the market in a given society. Though if not properly elucidated the discipline can be disputed and denied its relationship with economic history.

Education (Economic Education)

Education (Economic Education) or economics of education cannot be isolatadely left undiscussed. Though, the discipline like that of law and economics is not given ample attention by scholars. In fact, the discipline is mostly studied by economic educationalist and has remained a permanent part of their professional curricular. In that way they have failed to recognize the relationship between the discipline and economic history. This needs to be disclosed here with the correlational techniques discussed earlier in this chapter. It is well to note that education has been seen as a way of increasing human capital which is considered to be a basic factor in the growth process of the aggregate economy. However, education is a process of learning and should be defined as what everybody does: *That is everybody is an educator since will all pass across one information or the other that give increase in knowledge.*

Fascinatingly, *Economic education is the application of Economic principles, concepts, and laws to the process of Education*. It is true that the economics education as an area of study cannot be said to be a separate field of inquiry that is totally different from the ordinary economics. Of course, (Babalola, 2003) noted that the discipline studies human behavior (in terms of human decisions), action(s) and reaction(s) about schooling. More importantly, the discipline looks into how human behavior affects economic development and remains a crucial branch of ordinary economics. It can also be thought of as the study of how educational managers make official or approved choices from scarce available resources which is meant for the realization of the best possible educational outcomes. The discipline is important to economic history since it employs the use of some elementary concepts commonly used in labour economics, public sector economics, welfare economics, growth theory and development economics which must be investigated.

It is knowledgeable to note the effort of renowned classical economists like Adam Smith, Alfred Marshall, John Stuart Mill who had discussed education and development extensively. They advocated for public investment in education and in turn by the 1950s, economists gave attention to issues such as the relationship between education and economic growth; relationship between education and income distribution and also the financing of education.

Apart from this aspect, the discipline has also helped in the teaching of economic history and research in another view. M.H Siddiqui published Teaching of Economics, and this book has helped in the study of economic history. The available texts on economic history have also been credited to the educationalists in the field. This shows the inseparable nature of economic history and economic education.

Though the chapter has unfolded more than ten cognate disciplines that share room with economic history, it is not limited to that. The discipline also enjoys supportiveness from other sub-discipline, but such sub-discipline may not be paramount in its original sense. Of note are other disciplines like: Philology which is the study of written records, the establishment of their authenticity and correctness, and the determination of their meaning. This assist economic archeology and help economic historian on research to check the authenticity of their just concluded research. Religious study, has also help economic historian to assess the amount of economic activities of the church and how they affect that the society in return. Communication and linguistics as also help to give reports of economic research. It will be better to stop here as many new fields are still yet to be developed.

Chapter Nine

Political Economy

This humble but ambiguous term has led to dichotomy among many students in this field. Some of them misunderstood its origin. In fact some scholars in this field have concomitantly referred Economy History and Political Economy as two sides of the same coin. The totality of the historical, statistical, and theoretical techniques, together with the results they help to produce, we call (scientific) economics. Of course, this term is of relatively recent growth. A. Marshall's great treatise was the first to establish its use, from 1890 on, at least in England and the United States. In the nineteenth century, the term commonly in use was Political Economy, though in some countries other terms competed with it in the first decade of that century. It is germane to know at first, political economy meant different things to different writers, and in some cases it meant what is now known as economic theory or 'pure' economics.

Cautiousness need however be taken here in order to interpret correctly what any given writer said about the scope and method of political economy, we must always make sure of the meaning attached to this term some propositions about those subjects that have outraged critics become perfectly harmless if this rule be borne in mind. Second, ever since our science or agglomeration of sciences was baptized political economy by a non very significant writer of the seventeenth century whose work owes an undeserved immortality to this fact, there has been the implicit or explicit suggestion that the exclusive concern of our science was with the economy of the state though of course not only of the *polis,* the city-state of Greece or, what is almost the same thing, with public policies of an economic nature. This suggestion, which was still more emphasized by the German term frequently used as a synonym of political economy, *Staats- wissenschaft,* implied of course an altogether too narrow conception of the scope of economics.

It is noteworthy that the analysis of the behavior of individual firms, past or present, come within our meaning of economics just as much as to the facts and tools relevant to the analysis of the behavior of governments, and therefore will have to be added to the contents of any narrower political economies of the past.

> *An economics that includes an adequate analysis of government action and of the mechanisms and prevailing philosophies of political life is sometimes presented under the title Political Economy* .As referred by Schumpeter (2006) a system of political economy means *an exposition of a comprehensive set of economic policies that its author advocates on the strength of certain unifying (normative) principles such as the principles of economic liberalism, of socialism, and so on*.

Such systems do come within our range so far as they contain genuinely analytic work. For instance, A.Smith's *Wealth of Nations* was, in fact as intended, a system of political economy in the sense just defined and as such. Of course, Schumpeter's might look unclear; the overall point is that political economy is the parallel existence and material interaction of state and market in the modern world. Or as Anyanwu and Oyefusi (1997)

puts it. *Political Economy is the reciprocal and dynamic interaction of the pursuit of wealth and pursuit of power.* They further stressed that:

> *It indicates a set of questions to be examined by means of an electric mixture of analytical methods and theoretical perspective where these questions are generated by the interaction of the state and the mark as the embodiment of politics and economics in the modern world. Such question asks how the state and its associated political processes affect the production and distribution of wealth and, in particular, how political decisions and interest influence the location of economic activities and distribution of the costs and benefits of these activities.*

Chapter Ten
History of Economic Thought

The development of different economic thoughts was due to the remarkable expansion that the field of economics has undergone earlier and in recent time especially in the 20th century. One of the reasons for this is that the world economy has grown increasingly large and complex. From time immemorial scholars from different schools of thought have given their mettle in different aspects pertinent to the subject matter which incontrovertibly cannot be secluded. In view of the aforementioned, it has mandated that economic historians to investigate into the major developments in the history of economic thought.

Of importance to note at first is the description of History of Economic Thought. Economic Thought *is a critical account of the development of economics ideas, searching into their origin, inter-relation and manifestation*. (H.L Bhatia) Of course, it is a set of law, theory, doctrine, and analysis that are employed in the study and solution to economic phenomenon and problem. One importance of Economic Thought is that it deals with the theories of different thinkers in relation to solving societal problems. Although, Economic ideas have been prevalent in epochs, but recently it has assumed the form of a system of thought. This is because reference to economic questions are scattered almost everywhere in different epochs.

The Era of Feudalism

It is in an attempt to analyze economic problems in ancient Greece that gave birth to feudalism. For instance, Aristotle attributed great importance to economic security as the basis for social and political health and saw the owner of a middle sized plot of land as the ideal citizen. *Feudalism conventionally denotes the type of society and the political system originating in Western and Central Europe and dominated there during the greatest part of the Middle Ages*, Ajayi (1997). In another view, the medieval period or the middle age Feudalism was on its own an economic order. In Europe between fifth and fifteenth century saw the era of Feudalism.

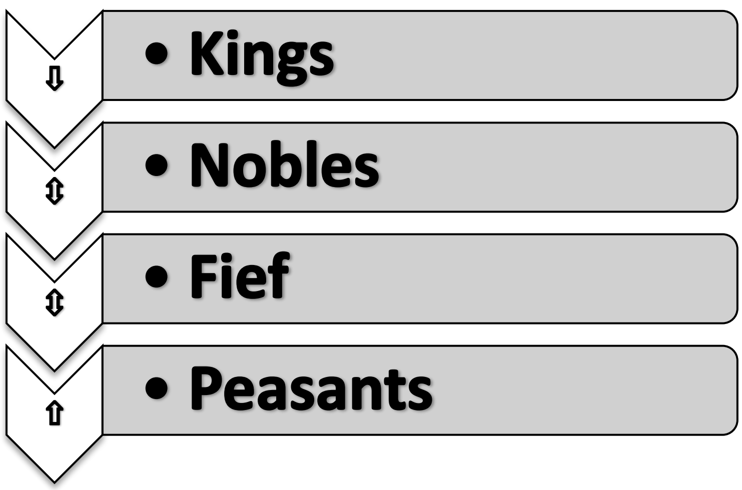
In a more related manner, Feudalism is a social system based on land ownership. It also denotes any political system in which the power of the state was weakened or paralyzed by the privileges of few and made inefficient by the factoring of political power, or by the opposition of powerful political or economic aristocratic factions. The owners of land are either lords or nobles; they are in charge of allocating land to the commoners (vassasl or serfs) it is known in the social sector by bearing of arms as a class-defining profession. Since the seventeen century, the complex of tenurial and personal relationships and economic, social and political dependencies that centered on the fiefs has increasingly been regarded as a scaffold of social stratification and political organization. Of course, the commoners (vassals or serfs) in which these resources are allocated are required to perform labor and engage in other activities like protecting and fighting for the feudal lords.

The system on the one hand is characterized by few non-identical features. These are:

- The relationship between the lords and the vassals this has been discussed above;
- A personalized government that is most effective on the local level and has relatively little separation of political functions;
- A system of land holding consisting of the granting of fief in return for service and assurance of future service
- The existence of private armies and a code of honour in which military obligations are stressed, and the
- Seignorial and manorial rights of the lord over the peasant.

The hierarchy in the feudalism on the other hand was (king - noble - fief - peasant).

See chart below.



The peasants perform more and more of protective duties. The material basis of the vassalic contact is the fief, this was normally an agricultural territory granted by the lords to the vassal at the homage ceremony where the vassal swore to serve the lord as his name. The system had a specific feature which was a vomited by two type of society: The Germanic and the Romanized. Toward the end of 17th century however, feudal economic arrangement could no longer hold water, this was noted since around 1350-1450, it had to give way due to the emergence of centralize political entities in European states. This does not however mean that the system was totally decayed, but went down slowly to the fortunate emergence of another.

The Rise Of Mercantilism

It is pertinent to mention that in the transition to modern time (16th – 18th century). European overseas expansion led to the growth of commerce and economic policies of Mercantilism. Lewis Haney opined that;

> *mercantilism as an economic doctrine was first systematically developed in 1615 by an Italian writer Serra. In that year his book highlighted the causes which make Gold and Silver abound in kingdoms where there are no mines.*

Mercantilism, economic policy prevailing in Europe during the 16th, 17th, and 18th centuries, under which governmental control was exercised over industry and trade in accordance with the theory that national strength is increased by a preponderance of exports over imports.

It is well to claim that mercantilism was characterized not so much by a consistent or formal doctrine as by a set of generally held beliefs. These beliefs included the ideas that exports to foreign countries are preferable both to trade within a country and to imports; that the wealth of a nation depends primarily on the possession of gold and silver; and that governmental interference in the national economy is justified if it tends to implement the attainment of these objectives. The mercantilist approach in economic policy first developed during the growth of national states; efforts were directed toward the elimination of the internal trade barriers that characterized the Middle Ages, when a cargo of commodities might be subjected to a toll or tariff at every city and river crossing. Industries were encouraged and assisted in their growth because they provided a source of taxes to support the large armies and other appurtenances of national government. Exploitation of colonies was considered a legitimate method of providing the parent countries with precious metals and with the raw materials on which export industries depended.

Stimulatingly, by its very success in stimulating industries and developing colonial areas, mercantilism soon gave rise to powerful anti-mercantilist pressures. The use of colonies as supply depots for the home economies, and the exclusion of colonies from trade with other nations produced such reactions as the American Revolution, in which the colonists asserted their desire for freedom to seek economic advantage wherever it could be found. Simultaneously, European industries, which had developed under the mercantile system, became strong enough to operate both without mercantilist protection and in spite of mercantilist limitations. Hence, a philosophy of free trade began to take root. Mercantilist theory was later castigated chiefly by the physiocrat, one of such principal criticism was the accused of worshipping money at the expense of wealth. Of course, the mercantilist policies were guilty of exercised much control over economic life through corporations and trading companies.

The Rise of Physiocracy

However, it is worth-knowing that Physiocracy emerged in the early 18th century, which was a reaction against mercantilism, such control occurred in France in the 1700s. This led to the formulation of the first theory of free trade by a group of economic philosophers known as the physiocrats, who were followers of the French economist François Quesnay. The physiocrats maintained that the free movement of goods was in accordance with the principles of natural liberty. Although their ideas had little effect in France, they influenced the Scottish economist Adam Smith, whose free trade theories contributed to the later development of trade policy in Britain.

Notably, the physiocrat advocates that all economic activities should revolve around agriculture this they called the "natural law". They regarded agriculture as the sole

productive economic activity and encourage the improvement of cultivation. However physiocracy as an economic theory did not last long but it was very effective in France this was due to liberal reform and the emergence of Industrial Revolution which spread like wide fire all over Europe, thus send physiocracy to extinction.

The Laissez-Faire

Next in discussion line is the Laissez-Faire era. It is imperative to describe this dynamic approach to economic activities that attracted the attention of many nations. The exponent of laissez-faire is without mincing words, The Great Adam Smith (1723 - 1790) being a Scottish Economist. Laissez-Faire was escalated by his unforgotten works. In 1776, Smith published a book title "*An enquiry into the nature and the causes of the wealth of nations*". This book is embedded with the principles of laissez-fair among others. The book in questioned earned him (the author) The Father of Economics.

Smith objected to the principal economic belief of his days. He disagreed with the physiocrats who argue that land was the only source of wealth. Smith refuted the protectionist conclusions of mercantilist thought. He pointed out that wealth consisted not in specie itself but in the material that specie could purchase. Governmental regulation of trade actually reduced the wealth of nations, because it prevented them from purchasing the maximum amount of commodities at the lowest possible price. With free trade, each nation could increase its wealth by exporting the goods it produced most cheaply and importing goods that were produced cheaper elsewhere. Smith stressed further that, each country would specialize in the production and export of goods in which it had an absolute advantage that is; it could produce the goods more cheaply than any of its trading partners. Smith's *Wealth of Nations* represents the first serious attempt in the history of economic thought to divorce the study of political economy from the related fields of political science, ethics, and jurisprudence. It embodies a penetrating analysis of the processes whereby economic wealth is produced and distributed and demonstrated that the fundamental sources of all income, that is, the basic forms in which wealth is distributed, are rent, wages, and profits.

What needed to be pointed out here is the central thesis of *The Wealth of Nations* is that capital is best employed for the production and distribution of wealth under conditions of governmental noninterference, or laissez-faire, and free trade. In Smith's view, the production and exchange of goods can be stimulated, and a consequent rise in the general standard of living attained, only through the efficient operations of private industrial and commercial entrepreneurs acting with a minimum of regulation and control by governments. To explain this concept of government maintaining a laissez-faire attitude toward commercial endeavors, Smith proclaimed the principle of the “invisible hand”: Every individual in pursuing his or her own good is led, as if by an invisible hand, to achieve the best good for all. Therefore any interference with free competition by government is almost certain to be injurious.

Although this view has undergone considerable modification by economists in the light of historical developments since Smith's epoch, many sections of *The Wealth of*

Nations, notably those relating to the sources of income and the nature of capital, have continued to form the basis for theoretical study in the field of political economy. *The Wealth of Nations* has also served, perhaps more than any other single work in its field, as a guide to the formulation of governmental economic policies. It is expedient to note that laissez-faire provided an ideological justification for capitalism.

Nonetheless, it was obvious that industrialization was not improving the general welfare but was instead causing wide spread misery. Due to this fact and in a bid to analyze this problem Thomas Malthus (1766-1834) attempted to explain the poverty he saw without challenging the basic premises of laissez-faire. According to him, the cause of workers plight was as a result of the population boom, which outstripped the food supply and led to falling wages. Malthus's main contribution to economics was his theory of population, published in *An Essay on the Principle of Population* (1798). According to Malthus,

> *Population tends to increase faster than the supply of food available for its needs. Whenever a relative gain occurs in food production over population growth, a higher rate of population increase is stimulated; on the other hand, if population grows too much faster than food production, the growth is checked by famine, disease, and war.*

Malthus's theory contradicted the optimistic belief prevailing in the early 19th century that a society's fertility would lead to economic progress. Malthus's theory won supporters and was often used as an argument against efforts to better the condition of the poor. The writings of Malthus encouraged the first systematic demographic studies. These writings also influenced subsequent economists, particularly, David Ricardo, whose "iron law of wages" and Theory of Distribution of Wealth contains some elements of Malthus's theory. Malthus's other works include *An Inquiry into the Nature and Progress of Rent* (1815) and *Principles of Political Economy* (1820).

Another British economist need also be noted. David Ricardo (1772-1832) was influence by Malthus writings, extended the analysis in early 19th century to encompass the more general case of comparative advantage. Ricardo noted that some nations lack an absolute advantage in the production of any commodity. However, even these nations could gain from free trade if they concentrated on producing commodities in which they had the smallest disadvantage. This will enables such nation to trade goods that are easiest to produce for goods that are more difficult to produce. When nations practice the principle of comparative advantage, more goods are produced between the trading countries, and the wealth of both countries increases. The principle of comparative advantage forms the theoretical basis of the argument for free trade. Ricardo assumed and opined further that all nations would share in the gains from free trade. The British philosopher and economist John Stuart Mill later demonstrated that such gains depend on the strength of reciprocal demand for imports and exports:

"The stronger the demand for the exports of a country relative to its demand for imports, the greater its gain from free trade".

The gain would be reflected in an improvement in the international terms of trade for the country, as expressed by the ratio of its export prices to its import prices. Of course, in the 19th century, Karl Marx (1818-1883) and Friedrich Engels (1820-1895), a German revolutionary political economist and cofounder, with Karl Marx, of scientific socialism, now known as communism. They are scholars with different school of thought. They castigated the laissez-faire approach due to the social struggle prevalent in the society. The gaps it created between the rich and poor were very obvious (proletariat and bourgeoisie). They are the early exponent of socialism. They subscribe to the public owner of means of production.

It is not certain whether economists are working to relate a new economic thought in this century this is because many of the new economists now build on the old economic thoughts. While many have dedicated themselves to several reviews of the theories, others are busy illuminating the current ones. It has been once argued by some great economic historians however, that these old thoughts and theories are no longer suitable and any effort to reapply them will be in otiose. Of course, the points made here is not to lionize economic heroes like Adams Smith, David Ricardo and so on as some economist do, but to display the relevance of their contributions and to reawaken committed economic historians and economists who are pregnant of reconstructing the world of economics to also sell their work off the market.

Chapter Eleven

Economic System In Historical Perspectives

Economic System as another issue that will take the attention of this chapter should not be seen as a late-comer. Without equivocation, the values and goals that a society set for itself will confidently determine the kind of economic system it will operate. The way a country's resources are owned and the way such country take decisions as to production and distribution will to a large extent, dictate the dimension of her economic system. Of course, the determinant of economic prosperity of a country must be narrowed down to its adopted economic system, while it unfruitfulness would be a product of the same factor.

However, for clarification, economic system needs to be properly defined. *Economic system is the pattern or style of production and distribution of goods and services as well as allocation of resources in a society, Miller (1996).* It include the combination of various institution, agencies, entities and consumers all these makeup the economic structure of a given society. Paul A. Samuelson in his own view sees economic system as *the means by which decisions involving economic variables are made in a society.* He stressed it in this light that, a society's economic system determines how the society answers its fundamental economic questions of what to be produced, how the output is to be produced, who is to get this output and how future growth will be facilitated, if at all.

It is important to hold that the essential differences of economic systems lie in the extent to which economic decisions are made by individual as opposed to governmental bodies and in whether the means of production are privately or publicly owned.

> *It is good and indeed, very good for a country to have an economic destination that has been dreamed by nature, such destination should not be seen as the end of her reign, instead it should be see as a continuous and endless trend. It is the advantage that a country tends to gain that pushes her to a better economic system*

In support of the position above Eyiyere, (2001) however noted that:

> *The efforts to solve these economic problems (that is, the major economic problems or questions) have led different countries o adopt different economic system.*

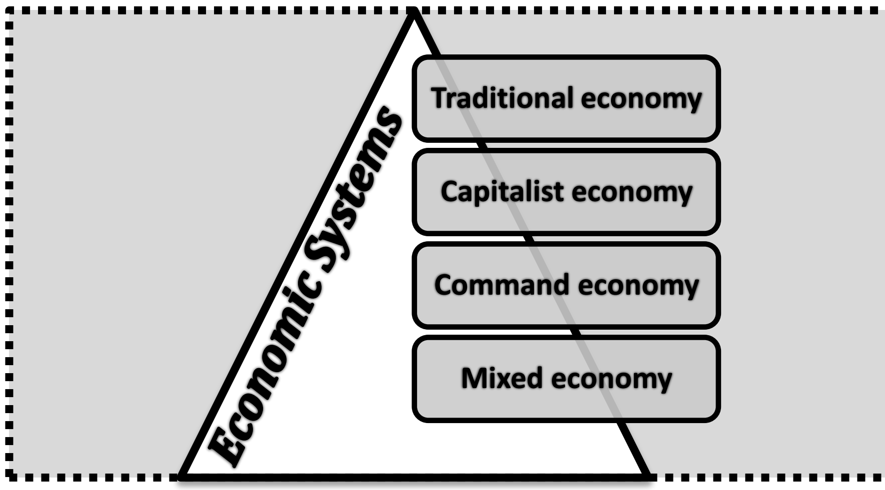
Be it as it may, economists have identified three major categories of economic system earlier, but in recent times economists have discovered the reason to adopt mixed economics as another type which equates the types of economic system to four. The former include: The traditional economy, Command or Centrally-planned economy and the free market economy, of course, mixed economy represent the new adopted type. The

reason for it adoption must have been the controversies associated with identifying a pure capitalist and socialist:

> *In practice, all economics are a mixture of the two (socialist and capitalist). It is now the degree of government intervention that distinguishes different economic system.* John Solow (2006)

In other words, most economic systems are mixed making, the mixed economy is unavoidable in this chapter. The types of economic system can therefore be seen in the diagram below.

Types of Economic System



The Traditional Economy

The trend that must be followed while discussing each economic system must be periodization since the assessment is said to be historical in character. If periodization will be the road map, then the earliest must be first assessed which is Tradition Economic System. Traditional Economic System is a type of economy in which the organization of production and distribution is frequently governed by tribal rules or customs. Miller 1996 sees traditional economic system as *an economic system based on customs, rules and beliefs.* A pure traditional economic system answers the four basic economic questions according to tradition. It is in encapsulation featured by the traditional way of doing things and traditional "modus operandi" of the society. *In a traditional economic system, things are done the way they have always been done.* Miller, (1996)

Economic decisions are based on customs, beliefs and often religions are ways of doing things which has been handed down from generation to generation. In fact, it is the type of economic system practice in every part of the world in the pre-industrial period. This type existed mostly in the early stages of development where the economy is strongly linked to the social structure of the community and people perform economic tasks for non-

economic reasons. In the traditional economy, economic matters are largely determined by social or religious customs and traditions. For example women may plough fields because that is their customary role and not because they are good at doing so. Traditional economic systems are often found in less developed countries, where there might be an hindrance to economic progress. The following will mostly suit it characteristics.

- The practice of seclusive agricultural activities forms the core of the economy.
- Each generation answers the basic economic questions in the way previous generation did.
- This economic system is dictated by what people have done in the past.
- Production is not primarily channel for profit making.
- It was a pre-industrial or pre-colonial economic system practice by every part of the world.
- The economic system is not very dynamic and standard of living is usually static.
- Individual usually fail to enjoy much financial or occupational mobility.
- The system is old and is outdated, though still practiced by some barbaric societies.

The last view verbatim above can be justified by the case study of the San people of Kalahari Desert of Southern Africa. They have always practiced traditional economy and even up-to-date. They are nomads or hunters and plant gatherers. They travel in groups and this comprise of friends and relatives. Each group share whatever they have, when the food supply of an area is finished they move on in search of new food supplies. D.O Eyiyere (2001) also noted some traditional economy system in most West Africa states. He viewed the adoption of traditional industries as a branch of production in the system. In Nigeria for example, traditional industries like, clothes weaving, pot making, leader bags and shoes, blacksmithing (especially at Ile-Ife and Benin, some of the city-state in Nigeria) around the ninth century. Gold smiting was also noted in Ghana. Caving and calabash making, and so on were noticed at the Old Oyo Empire among other places.

It is not a verbose to add that market system in a traditional economy is usually weekly and goods are placed at every nooks and crannies of the market while buyers made their contact. Another important thing to note is that at its early stage, the exchange system is usually 'trade by barter' or barter system which is the direct exchange of one commodity for another; this was the means used in primitive societies, and barter is still practiced in some parts of the world. In a barter economy for example, a person having something to trade must find another who wants it and has something acceptable to offer in exchange. In practice for instance, Ethiopia is one of the world's poorest nations, with a per-capita gross domestic product (GDP) of $172.60 a year in 2006. Most Ethiopians do not participate in the monetary economy, and simply barter in local markets.

It is also important to say that this kind of economy is a closed economy which is marked by pure subsistence farming. A system which could be regarded as "from hand to mouth system". Another crucial thing to note is the banking system. Banking system is developed after the introduction of money, prior to this period, the servitude system of borrowing was adopted. Cornucopian disadvantages marks its decline alongside with

some social forces and the advent of industrial revolution in the early eighteenth century, which spread like wide fire all over Europe and America, Asia and recently Africa. These tenable factors were responsible for the traditional economy settlement in extinction paving the way for a new economic system which will be discussed next.

The Free Market Economy

It is not novel to say that economist will always reserve name for new development in the course of time. It is imperative to note however, that the free market economy which will gather harvest here is the direct opposite of command or centrally-planned economy and should not be mixed together with it. Adam Smith in fact, was believed to have been the exponent of this economic system.

> *Market economy is a system where individual own the factor of production and choose how to use them: a system with a decentralized planning,* Miller (1996).

Free market economy is based on private ownership of means of production and distribution of goods and service is primary and solely controlled and owned by private individual. Solow (2006) also defined it *as a system where economic decision are taken by individual, household and firm with no government intervention.* Assessing Eyiyere's (2001) definition, it is indifferent; he sees it as *a system that is dominated by private ownership of the means of production.* This economic system has a laissez-faire characteristic and also known as capitalism. Of course it is based on price system or/and price mechanism.

It is an economic system based on private ownership as noted earlier, and the freedom of individuals to conduct their economic affairs without interference from government bodies or other groups. Capitalist economic systems are characterized by a great deal of freedom of choice exercised by consumers hence called consumer sovereignty and business firms in the market for commodities and resources. The kernel and basis of pure capitalism is freedom. There is freedom to own property, freedom to buy and sell and freedom from government interference in the economic aspect of each individual's life. Miller (2006) posits that:

One way to remember the free capitalist is to remember the three P's: price, profit and private ownership

As it has been pointed out before now, private firms or individuals own means of production. They make choices about:

- What to produce is answered by consumers according their demand for goods & services
- How to produce is answered by the businessmen. They will choose the production method, which reduces their costs to reach the higher profit.
- For whom to produce – firms produce goods and services which consumers are willing and able to buy.

Some of its benefits are: competition and the opportunity to make large profits, greater efficiency, innovation, quickly responds to people's wants, wide variety of gods and services.

Other salient issues are enunciated as follows:

- Individuals decide how and where to channel their resources.
- Market forces of demand and supply determine the market price.
- This economic system is profit oriented.
- In this economic system, consumer want is supreme.
- The government plays a peripheral role in setting up basic structure and rules controlling the market system.
- This economic system encourages competition and freedom of enterprise.
- Countries that practice this kind of economic system are Japan, United State of America, Britain, France, Canada, India, and Spain among their caliber.
- It is an open economy, both to export and imports.

Capitalism is best characterized by the economy of the United States, even though it is not a purely capitalist economy. In some cases government is allowed to only set up basic regulation within which private businesses can play. Individuals have access to resources and use them base on their own choice and preferences, motivated by profit. This system has attracted many countries into its practice, almost all the country in Latin America practice capitalism, most of the west Africa country are now shifting their ground and getting enamored with the system.

However, free market economy or capitalism has some deficiency despite it alluring prospect. It has been criticized of massive exploitation of the resources of the poor for the benefit of the rich. It has failed to evenly distribute wealth and eradicate poverty. It has led to a class struggle in the society. It is as a result of the menace caused by this economic system that bring forth another economic system known as the centrally-planned or command economy.

The Command/Centrally-Planned Economy

Like its friends discussed above, Command Economy will also enjoy hegemony of this discourse. *It is an economy system in which all economic decisions are taken by the external authorities,* Solow (2006). What this means is that the government owned and control the means of production. The government chooses how resources are to be used, this is made possible through series of government policies and regulations. Miller, (2006) also defined command economic system *as a system where the government control all the factors of production and make all decision about their distribution of income.* The variance or type of this economic system is socialism and communism. Of course, it is clearly obtainable that the state (government) owns all means of production. Individuals are not permitted to own

any property. Government in conjunction with government planners makes economic choices. These choices are:

- What to produce is answered by government planners, they make assumptions about consumers` needs and the mix of goods and services
- How to produce is answered by the government planners according to the input-output analysis.
- For whom to produce is answered for consumers through state outlets. Prices can't change without state instructions. (Restrictions)

In the command economy, an authoritarian central government calls the tune is adoptable. It operates on instruction from those in power. In this type of economy, decisions in connection with the functions of an economic system are taken on collective or group basis. There is collective ownership of factors of production. The group that owns the factors of production and takes decisions may be some government body. A command economy is a centrally planned economy. There is typically very little freedom of choice. The occupation of workers, the quantities of which type of commodity to be produced and the distribution of income are determined by the central planners plus making arrangements for future economic growth.

North Korea which is an orthodox communism, for instance had a true centrally planned economic system for over forty years, this fact earned the country the most highly controlled non-capitalist in the world. China on another scrutiny also enjoyed a centrally planned economiy, studies shows that in the 1950s China's Communist government brought a majority of economic activity under state control and determining production, pricing, and distribution of goods and services. This system portrayed the style of a planned economy. It was also noted that in 1979 China began implementing economic reforms to expand and modernize its economy. The reforms that gradually lessened the government's control of the economy, allowed some aspects of a market economy and encouraged foreign investment. However, the state-owned sector remains the backbone of China's economy. China refers to this new system as a socialist market economy. As a result of the reforms, China's economy grew at an average annual rate of 10.2 percent in the 1980s and by 10.7 percent annually in the period of 2006. This has been claimed by some scholars that the system fits Chinese economy.

Countries that also enjoyed the practice of the system include among others, are Russia and Iran although was claim to be a diluted one but they are the closest to perfect command economies.

It is expedient that I bring to the reader's notice here that socialism is a transitory phase toward communism, while communism is a perfect form of socialism. Some salient points needed for clarity need to be given as a guide. These are highlighted follows:

- There is no room for private initiative and no incentive at work.

- The government decides the answers to fundamental economic questions. What to produce? How to produce? For whom to produce? Where and when to produce?
- There is no interplay between market forces of demand and supply.
- The government regulates and control economic activities with its agents.

It is noteworthy to mention a German philosopher and economist known as Karl Marx. He was the 19th century father of communism. He saw capitalism as an economic system that exploits workers. He posited that communism is based on principles meant to correct the problem caused by capitalism. The goal of socialism and communism is to eliminate the gap between the rich and poor and bring about economic equality he noted. Of sincerity, as promising and succulent this economic system sound, it good effect faded while some ugly aspect became manifested. This was however after the defeat of Soviet Union in the cold war (1945-1989). Foremost of all its failure was the inability to guarantee rapid socio-economic transformation. Thus capitalist countries were far richer with a relatively high standard of living than the socialist/communist countries. Regrettably, socialism/communism had to give way. This will not be an end to this discussion as some economic texts has done, the reconciliation and correlation system that fill the gap between the two discussed above need to be examine, this of course is the next bone of consideration.

The Mixed Economy

Though there may not be much to say about this system, It is however germane to note that there is no perfect or pure capitalism socialism/communism in the real world. Thus a mixed economy assumed to be in practice. Mixed economy without any prevarication contains the characteristic of a command economy and free market economy. Solow (2006) describes a mixed economy as *an economy system where economy decisions are made partly by the government and partly by the market.* As noted earlier the system is a recent development in economic system, this unfold one reason why old text on the subject eluded its importance.

Mixed economy operates partly under free-market principles, in which business ownership is in private hands and prices are set by supply and demand, and partly under government ownership or control. The balance between state provision (government planning) and free market provision is more or less equal. The government decides the "degree" of mixing. They will decide how much business activity should be engaged in. This system is practiced in almost all Western European countries and some part of Africa and West Africa and so on. In West Africa for example, almost all countries except some, are moving in the direction.

In a Mixed economy the role of the government on the one hand, cannot be perform by private firm and vice-versa, although some country has lost this direction. However the role of the government includes:

- The setting of laws and rules that regulate economic life and to control or regulate markets
- To provide certain services. Especially center services such as: education, police, defense healthcare
- To regulate business and ensure that there is fair competition in the private sector
- To restricts the consuming of harmful goods by making them illegal or placing high taxes on them and

It is important to add that the sector also plan how to retain the power to give free goods and services, or money to the poorer people in the economy. This is because the sector is solely responsible for the supply of public goods and services and merit goods. These goods are provided free when used and are paid by taxes e.g. roads, healthcare, street lighting. The central or local government also makes decisions regarding resource allocation in the public sector and owns a significant proportion of production factors. Other important role of the government also include the maintenance of full employment, guaranteeing of price stability to achieve high level of economic growth and to keep exports and imports in balance

Private sector on the other hand, response to the demand or consumers needs and wants and make production decisions since they are allowed to own the factors of production. Businesses in response are set up in this system by individuals to supply a wide variety of goods and services. In Sweden for example Government has taken more economic role than private sectors, the result is that tax will be higher, more equal distribution of economic resources will be feasible and the likes, but in Nigeria for instance, where private sector take a larger percentage the opposite will be the case.

In encapsulation, it is hearable that many economies have been described as mixtures of capitalistic and command systems. The United State and other countries where markets are heavily relied on to allocate resources and distribute output are known as mixed capitalistic systems. The characteristics of free enterprise system are manifested in most of its economic activities as noted above. However, some of its economic decisions of the mixed economy are taken on collective basis and some of the productive resources or goods are owned by a governmental body.

In the mixed capitalistic economic system, both government and private decisions are important. Of course, the emergence of mixed economy helps the understanding of the different economic system as no economic system in practice can be said not to have affinity with any of the aforementioned. It is an added idea that the economic system has remained the succeeding system in the global system, this discuss will help to understand this trend and the unseen and undiscovered trend as at the time of this perusal.

Conclusion

So far, the eleven chapters embedded in this book have been thoroughly investigated. The materials evolve as a result of lack of such material that can give adequate information on the subject matter.

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